

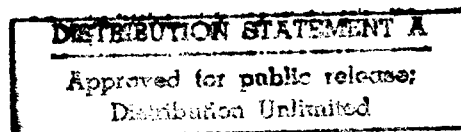
113138

JPRS-CEA-85-014

8 February 1985

China Report

ECONOMIC AFFAIRS



19980722 097

DTIC QUALITY INSPECTED 4

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

4
125
A06

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

8 February 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

XINHUA Commentary on Improving Economic Results (XINHUA, 7 Dec 84)	1
RENMIN RIBAO: Liu Guoguang on Reforming Economic Pattern (Liu Guoguang; RENMIN RIBAO, 31 Dec 84)	3
RENMIN RIBAO on Initiative at All Levels (Wu Zhenjun; RENMIN RIBAO, 11 Jan 85)	12
Liu Suinian on Speeding Up Planning Reform (Liu Suinian; Beijing Domestic Service, 13 Jan 85)	17
Notes on Studying Central Reform 'Decision' (Li Jinhua; GONGREN RIBAO, 21 Dec 84)	25
Central Committee 'Decision' Develops Marxist Theory (Wang Jue; GUANGMING RIBAO, 25 Nov 84)	33
Animal Husbandry-Industry-Commerce Complexes Grow (Pu Liye; XINHUA, 22 Jan 85)	40
Statistical Bureau on Rural Industry Reform (XINHUA, 11 Jan 85)	41
Peasant Enterprise Industrial Center in Beijing (XINHUA, 12 Jan 85)	43
Briefs	
Circular Commodity Supply	44
Hangzhou Airport Visa Office	44

PROVINCIAL AFFAIRS

Gu Xiulian Tours Jiangsu Factories on 1 Jan (Zheng Cuihua; XINHUA RIBAO, 4 Jan 85)	46
Li Lian at Dairy Product Plant Opening (Heilongjiang Provincial Service, 18 Jan 85)	48
Gansu's Li Ziqi Speaks at Urban Work Conference (Gansu Provincial Service, 22 Jan 85)	49
Heilongjiang: Provincial Government Reforms Planning Systems (Heilongjiang Provincial Service, 19 Jan 85)	50
Guangxi Chairman Enumerates Main Tasks for 1985 (Guangxi Regional Service, 8 Jan 85)	52
Sichuan Meeting Discusses Planned Economy Work (Sichuan Provincial Service, 12 Jan 85)	54
Governor Outlines 1984 Achievements, 1985 Tasks (Zhang Shuguang; Hebei Ribao, 29 Dec 84)	56
Zhejiang Governor on Invigorating Enterprises (ZHEJIANG RIBAO, 2 Jan 85)	70
Shaanxi Forum of Peasant Entrepreneurs Opens in Xian (Shaanxi Provincial Service, 17 Jan 85)	71
Daily on Shandong's 1984 Economic Achievements (DAZHONG RIBAO, 1 Jan 85)	72
Briefs	
Meeting on Supporting Xizang	74
Shandong Enterprise Consolidation	74
Output Value Raised	74
Enterprises' Power	75
Guizhou Develops Fodder Industry	75
Hebei Gross Industrial Output	75
Guangdong 1984 Economic Goals	76

ECONOMIC PLANNING

Briefs	
Economic Targets for 1985	77

AGGREGATE ECONOMIC DATA

Taiyuan City Exceeds Sixth 5-Year Plan Targets (Shanxi Provincial Service, 17 Jan 85)	78
--	----

ECONOMIC MANAGEMENT

Wang Shoudao on Township Enterprises in Jiangsu (Wang Shoudao; NONGMIN RIBAO, 9 Jan 85)	80
Sichuan Prefecture's Advisory Group Directs Economic Work (Sichuan Provincial Service, 16 Jan 85)	86
Shanghai Studies Transformation, Reinvigoration (XINHUA, 16 Jan 85)	88
Speeches at Economic Management Symposium (JINGJI RIBAO, 22 Dec 84)	90
Two Bodies Ask Members To Assist Economic Reform (ZHONGGUO XINWEN SHE, 9 Jan 85)	99
Hunan Formulates Regulations To Rejuvenate Enterprises (Hunan Provincial Service, 21 Jan 85).....	100
Hubei Establishes Information Feedback System (Hubei Provincial Service, 18 Jan 85)	102
Shandong Calls for Enterprise Consolidation by 1985 (Shandong Provincial Service, 23 Jan 85)	103
Briefs	
Cooperation Agreement Signing	104
Urban Economic Structural Reform	104

FINANCE AND BANKING

YUNNAN RIBAO on Financial, Economic Situation (YUNNAN RIBAO, 30 Dec 84)	105
Briefs	
Guangxi Savings Deposits	110

INDUSTRY

Xinjiang Does Well in 1984 Industrial Production (Xinjiang Regional Service, 17 Jan 85)	111
Briefs	
Shandong Light Industrial Achievements	112
Shandong Industrial Production	112
Shandong Steel Output	112
Shanghai Municipality Industrial Output	112
Nei Monggol: New Industrial Achievements	112
Fujian's Industrial Production	113

DOMESTIC TRADE

Briefs	
Gold Jewellery in Lanzhou	114

LABOR AND WAGES

Ni Zhifu Attends Trade Union Plenum 22 January (Tianjin City Service, 23 Jan 85)	115
---	-----

TRANSPORTATION

Hengyang Guangzhou Railway Being Double-Tracked (Lou Houren; XINHUA, 12 Jan 85)	117
--	-----

Briefs

Agreement on Buying Boeing 737's	118
Beijing-Urumqi Flights	118
Railway Project Discussed	118

PUBLICATIONS

Briefs

Anhui JINGJI RIBAO	119
Radio Listeners Bulletin	119
New Chinese Journal	119

NATIONAL POLICY AND ISSUES

XINHUA COMMENTARY ON IMPROVING ECONOMIC RESULTS

OW080452 Beijing XINHUA Domestic Service in Chinese 0733 GMT 7 Dec 84

["Report-commentary by XINHUA reporter: "Ingenuity Yields Good Economic Results"--XINHUA headline]

[Text] Beijing, 7 Dec (XINHUA)--Report by XINHUA reporter Xu Yaozhong: How can we yield more and achieve good economic results in a short time with less investment when we undertake a construction project, run an enterprise, or handle other economic matters? It seems that an important way is to exercise ingenuity.

The Yingkou general washing machine plant is a small enterprise that began to manufacture washing machines on a trial basis in 1980. It had a poorer foundation and later start than other washing machine plants in China. However, over the last several years, it has become one of the outstanding key enterprises producing washing machines that meet international technological standards in China. Its secret is "making progress in the course of producing end products"--that is, assembling washing machines with imported parts and elements first, learning techniques, accumulating capital and winning foreign businessmen's trust in the course of assembly, and then entering all-around technological cooperation with foreign firms and importing advanced equipment and technologies to enhance its washing machine production capability.

The Dalian recording head plant was a comparatively backward small enterprise at first, but it soon attained the advanced international level. What this plant has displayed is also ingenuity. First, it imported a production line for single track recording heads. After it had accumulated sufficient capital funds, it then imported step by step the production lines for double track and 4-track recording heads. In this way, it achieved an overall technical transformation of itself in 2 years. Normally, the transformation would have taken 4 years.

The way to enhance economic results employed by the Hangzhou iron and steel plant, a plant which made rapid development in the last few years, is also very ingenious. It analyzed its operating sequence and found that it had stronger capability in iron-smelting at the beginning of the sequence and in steel-rolling at the end of the sequence, but its steel-making in the middle

of the sequence was a weak link limiting its overall production capability. So, it made great efforts to improve steel-making, which is a key link; undertook relevant small-scale auxiliary and innovation projects; and enhanced its steel-making capability by 75 percent in 5 years. As a result, the plant has improved its economic results by a big margin.

The way to improve economic results is very important. The right way will get twice the result with half the effort and accelerate economic development. The wrong way will get half the result with twice the effort and delay in economic development.

Some organizations and enterprises want to improve their economic situation, but they do not know an ingenious way. Others blindly undertake new projects and neglect the technical transformation of existing equipment. Still others hanker after "big things" and want to become big shots overnight; they are unwilling to undertake small projects that yield quick results. There are also some organizations and enterprises that misinterpret the meaning of self-reliance and overlook economic cooperation and technological imports. These practices can only lead to poor economic results. In the past, we paid quite a dear price in this respect. Now, it is time for us to draw a lesson and change our practice.

We may call economic work an art, because it takes very profound learning. All the comrades doing economic work should make efforts to study intensively this subject and display ingenuity. When we do things, we should seriously think how to achieve more, faster and better results and select an ingenious way to yield the best economic results. Ingenuity yields good effects. If everyone does this, we will be able to create a new situation in our economic work sooner.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

RENMIN RIBAO: LIU GUOGUANG ON REFORMING ECONOMIC PATTERN

HK110921 Beijing RENMIN RIBAO in Chinese 31 Dec 84 p 5

[Article by Liu Guoguang [0491 0948 0342]: "Remold the Pattern of Economic Structure, Perfect the Socialist System"]

[Text] The decision on reform of the economic structure adopted by the 3d Plenary Session of the 12th CPC Central Committee is of great practical importance and far-reaching historical significance to the socialist modernization of our country. When the program of reform laid down in the "Decision" is implemented, it is certain that our country's original socialist economic pattern will be thoroughly changed and our socialist system will be constantly perfected.

The Actual Goal of the Current Reform Is To Reform Thoroughly the Original Pattern of Economic Structure

The reform of the economic structure currently under way in our country is not aimed at partial and minor problems but at the overall fundamental structure. This is, as the "Decision" put it, a comprehensive reform to change "a series of interrelated links and aspects of the relations of production and the superstructure that are not suited to the development of the forces of production." However, this is not a reform of the socialist basic economic system but a reform to be carried out "on the premise of adherence to the socialist system." Then how should this reform be accurately defined? In my opinion, it should be interpreted as a reform of the socialist economic structure, in other words, a reform which will transform the old economic structure that is not suited to the development of the social productive forces into a new structure which can keep up with the development of the productive forces.

The task of studying our country's socialist economic structure and finding out the target pattern of the economic structure was put forth by economic theorists soon after the 3d Plenary Session of the 11th CPC Central Committee. The pattern of socialist economic structure which we are mentioning here is not identical to any economic structure actually existing in any socialist country, but a theoretical abstraction derived from the actually existing economic structures with some specific minor features skipped. This pattern consists of the summary of the basic definition of a certain specific economic

structure, its fundamental features, and the summation of its principal laws of operation. A pattern in this sense reflects the essential and most basic components of an economic structure. Therefore, it is absolutely necessary to promptly solve emerging problems and constantly perfect the target pattern of economic structure when working out and carrying out a reform plan. Clearly defining the target pattern can help us avoid being trapped in trivial things in the reform and being confused by various minor factors while overlooking the major ones; and enables us to have an overall control over the economic structure, to coordinate various measures in the reform, to carry them out in an orderly way, and thus avoid any unnecessary detours.

Since the reform of the economic structure is carried out on the premise of adherence to the basic socialist system, it is necessary to elaborate on the relationship between the basic economic system of socialism and the socialist economic pattern. The socialist basic economic system means something common to all forms of socialism that distinguishes socialism from other social economic systems, while socialist economic patterns denote various species and various types of socialist economic systems. On a common basis of socialist relations of production, there can be different kinds of economic mechanisms which differ from each other in the structure of ownership of production means, the structure of economic decisionmaking power, the system of economic regulative mechanism, the form of economic encouragement, the form of economic administrative organization, and the form and degree of the laboring masses' involvement in management. The socialist economic patterns that had ever emerged or that have been in existence since the October Revolution can be roughly classified into the following types: the pattern of military communist supply system, that of traditional centralized planned economy, that of modified centralized planned economy, that of planned economy organically integrated with market mechanism, that of "market socialism," and so on. To be sure, this is merely a theoretical classification, and actual existing economic structures may not be so absolute and pure--they may be middle types, interim types, or mixed types, reflecting various complicated circumstances.

It is in view of the fact that different patterns of economic structure did exist and are still existing under the socialist system that the resolution by the 6th Plenary Session of the 11th CPC Central Committee pointed out: There is no fixed pattern for the development of socialist relations of production, and our task is to create one specific form of relations of production to fit one phase and to accommodate the transition to the next phase, based on the needs of the development of productive forces in our country. Here we have in fact put forth the question on the change in and the reform of the pattern of socialist economic structure. The decision adopted at the recent Third Plenary Session has further developed this theory, suggesting that the aim of the current reform of our country's economic structure is to radically change the original rigid pattern which fetters the development of the productive forces and to build up a vital and dynamic socialist economic structure with Chinese characteristics.

Analysis of Our Country's Original Pattern of Economic Structure

The "Decision" pointed out: Our country's original economic structure has been shaped into a rigid pattern which does not fit the development of social productive forces. What is the nature of this pattern? How did it take shape? And what are its major characteristics and shortcomings?

The emergence of our country's original economic structure can be attributed to four causes.

First, in the initial period after the founding of the PRC, we lacked experience in managing the socialist economy and had to learn from the Soviet Union, the first country to build a socialist economy in the world. This was a necessity at that time. There were some things in the Soviet experience worth learning, such as the practices of attaching importance to the comprehensive balance of the national economy, strictly following the set procedure in capital construction, and so on. However, some malpractices, such as the practice of centralization of state power, that of mainly depending on administrative means in managing the economy, that of restricting commodity production, and that of ignoring the role of the laws of value, had tremendous influence on our country's economic structure.

Second, our country underwent a long period of armed struggle and the financial and economic work in our revolutionary bases and liberation zones played an important role in ensuring the victory of revolutionary war. This was, however, the origin of many elements of the supply system in our economic system after the founding of the PRC.

Third, we achieved great success in socialist transformation by making use of, restricting, and transforming capitalist industrial and commercial enterprises. However, such restrictive measures as state monopoly for purchase and marketing practiced in the socialist transformation were also carried forward in the economic system in the later period.

Fourth, the concept of natural economy was deep-rooted in old China because the country's economy was underdeveloped and the self-sufficient type production accounted for a great proportion of the economy. Due to the introduction of the "theory of natural economy," this naive concept of natural economy has gained more strength and has had profound influence on our country's economic structure.

Our country's economic structure which has taken shape based on the above historical conditions can basically be classified as a type of traditional centralized planned economy characterized by the elements of the military communist supply system.

In a certain sense, this overcentralized planned economic structure characterized by some elements of the supply system did in fact meet the needs of developing social productive forces given the condition in the initial post-liberation period that the economy was relatively underdeveloped, the economic structure was relatively simple, and the aim of economic development

was to increase the strength of the country and to meet the people's simple needs for means of subsistence. This structure did play an active role at that time in concentrating the country's limited financial and material resources and manpower to launch key projects in an effort to lay down the initial basis for the country's socialist industrialization. However, as the "Decision" has pointed out, this structure has many shortcomings, namely, no separation of government functions from those of enterprises, barriers between different departments or regions, the state's taking responsibility for too many matters and having too rigid a control over enterprises, overlooking the role of commodity production and the laws of value, the serious egalitarian tendency in distribution, and so on. All these shortcomings have dampened the initiative of enterprises and laborers, hampered the development of commodity economy, and caused the divorce between production and demand. They were unfavorable to technological progress and devitalized, to a considerable extent, the socialist economy which should have been booming.

Some shortcomings in our country's original economic structure relating to excessive and rigid control had shown themselves gradually when they were taking shape, or more precisely, in the later period of the first 5-year plan. The CPC Central Committee sensed these shortcomings at that time and put forth some reforming ideas. It was a pity that these ideas were not carried forward later. On the contrary, many adopted measures even went counter to these ideas. Moreover, some negative factors emerged in our country's economic life and economic structure due to the guidance by "leftist" erroneous thinking in quite a long period prior to the 3d Plenary Session of the 11th CPC Central Committee in 1978. By and large, these negative changes were: the increasing uniformity of ownership; the increasing centralization of economic decisionmaking power; the growing tendency of the function of economic regulative system being provided in kind; and increasing egalitarian tendency in respect of the relations concerning distribution of income; and the economic organizational structure's becoming a more divided and closed system. In brief, all these changes did not help to eliminate the basic characteristics of the traditional overcentralized economic structure but strengthened the elements of military communist supply system in the economic structure instead. Only by radically reforming this rigid pattern of economic structure which fettered the development of productive forces and by building up a vital and dynamic new economic structure with Chinese characteristics, can China really embark on an economic takeoff and smoothly fulfill the great task of socialist modernization.

The Theoretical and Ideological Prerequisite for the Building of the New Pattern of Economic Structure

In order to build a new socialist economic pattern with Chinese characteristics, it is necessary, first of all, to clear away all misunderstanding of socialism in theoretical terms and to acquire a clear understanding of our country's basic national condition.

The "Decision" pointed out: "Some fixed concepts concerning the understanding of socialism which are not in keeping with the actual situation have taken

shape over a long period." The principal ones are: That the socialist ownership is considered as an absolutely pure unitary economic structure, the larger and the more collective in nature the better; that the socialist social large-scale production is regarded as a large plant or a giant machine; that the socialist planned economy is incompatible with commodity economy; that a socialist state's function to manage economy is regarded as an ability to manage everything by replacing enterprise management by government administration; that equality in socialist society is equated to egalitarianism; and so forth. All the above misunderstandings go counter to the nature of socialism.

As the "Decision" has effectively clarified all the above misunderstandings of socialism in relevant chapters and sections by means of direct argument or straightforward elaboration, I am not going to discuss these questions again in this article. It must be particularly emphasized that the "Decision" has affirmed that socialist economy possesses attributes of commodity economy, definitely pointed out that socialist economy is "a planned commodity economy," thus making a breakthrough against the traditional concept that pits the planned economy against the commodity economy, and put the idea in a document of the party. This theoretical breakthrough by the "Decision" is of extremely far-reaching significance not only to the reform of the planning system but also to the reform of the whole economic structure or the transformation of the economic pattern. This is because the theoretical basis of the traditional rigid and overcentralized economic pattern with the elements of the supply system that we used to practice is the "theory of natural economy" which ignores the fact that the socialist economy possesses the attributes of the commodity economy and that it is necessary to conscientiously adhere to and make use of the laws of value in implementing socialist planned economy. Without completely forsaking the theory of natural economy, we will not be able to radically break away from the old economic structure. By definitely affirming that the socialist economy has the attributes of the commodity economy and emphasizing that it is necessary to conscientiously adhere to and make use of the laws of value, the "Decision" has provided us with a powerful weapon against the theory of natural economy. This theoretical weapon supplies us with more sufficient arguments to expound a series of important questions put forth by the "Decision," such as: Why is the vitalization of enterprises the key link to the reform of the economic structure? Why is it necessary to gradually reduce the coverage of the command plan and extend that of the guiding plan? Why is it necessary to gradually reduce the coverage of unified prices set by the state but appropriately extend the coverage of floating prices and free prices? Why is it necessary to build up a reasonable pricing system and attach great importance to the role of economic levers? Why is it necessary to effect the separation of enterprise management from government administration, eliminate the barriers between different departments of regions, emphasize the role of central cities, and encourage socialist emulation? Why is it necessary to let some areas, some enterprises, and some people get rich first and then to inspire others to strive to get rich together? Why is it necessary to allow many economic

forms and management forms to coexist? Why is it necessary to promote economic and technological exchange with foreign countries and at home? And so on. We cannot find the solution to these questions without recognizing the fact that the socialist economy possesses the attributes of the commodity economy and emphasizing the necessity of conscientiously adhering to and making use of the laws of value. One may say that the exposition by the "Decision" on the socialist commodity economy and the laws of value has provided a very important theoretical basis for the establishment of a new socialist economic structure in our country. I certainly do not think this is an exaggeration.

A correct understanding of socialism is one of the fundamental starting points to build a socialist pattern of economic structure with Chinese characteristics. The other fundamental starting point is a clear understanding of our country's basic national conditions. It is necessary to analyze our basic national conditions in light of our task of structural reform. I think it is necessary to take the following main aspects into account:

1. Although the economic structure that we used to adopt in our country has shown serious shortcomings, it should be regarded as a socialist one in view of the nature of public ownership of production means, the principle of eliminating the exploiting system, and the feature of the planned economy embodied in this structure. The purpose of the current reform is to conscientiously draw a lesson from our past experience and thus transform the past immature economic structure embodying all kinds of misunderstandings of socialism into a more mature one which is more in keeping with the nature of socialism.
2. Our country has a backward economic basis, the commodity economy has been rather underdeveloped, and the influence of the natural economy thinking has been predominant. The development of commodity production and exchange is indispensable to modernization. The purpose of either rural reform, urban reform, or the implementation of the open-door policy is to cast off the yoke of natural economic thinking and vigorously develop the socialist commodity economy.
3. China is a country with a vast territory, there are many levels between the center and the grassroots, there is an obvious binary structure in production, modernized production coexists with the production form characterized by handicraft labor, and the economic development is imbalanced between different areas. All these make for differences between our country and those with smaller territories and more developed economy. For this reason, it is still more necessary for our country to adopt multiple forms of economy and a multi-level system allowing decisions to be made at different levels and it is still more necessary to attach importance to the flexibility and adaptability of the economic structure.

It must be pointed out that the country's vast territory and imbalance in development used to be taken as a reason for the necessity of centralized and unified management. To be sure, in order to ensure that the national economy develops in a planned, balanced, and harmonious way in China as a developing socialist big nation, the state cannot let each area, each department, and each enterprise go its own way but must perform its function as a

coordinator and controller in the macroscopic economy. In this sense, it is really necessary to strengthen the centralized and unified control over the national economy. On the other hand, it is just because of such complicated circumstances arising from the country's vast territory and imbalanced economic development that our state organizations cannot take care of everything but should give full play to the mobility, flexibility, and creativeness of various areas, departments, and let them act on their own in accordance with the state's unified plan. The state should not bring under centralized control all specific affairs in the microscopic economy.

The Chinese Characteristics Embodied in the New Pattern of Economic Structure

Every pattern of economic structure consists of several basic aspects, namely, the ownership system, the economic decisionmaking system, the economic regulative system, the structure of economic interests, and the economic organizational structure. Thanks to our experience of rural reform in the past, the question on the ownership system relating to the target pattern of our country's economic structural reform has been actually solved in terms of theory and a relevant guideline is now available. Therefore, while reiterating the necessity of upholding the long-term principle of simultaneous development of multiple economic and management forms, the "Decision" has mainly concentrated on the solution to the question of the structural pattern under the ownership by the whole people. Since the ownership by the whole people dominates the national economy, the solution to the question concerning the ownership system by the whole people is of decisive significance to the reform of the whole economic structure. The "Decision" pointed out: Invigorating enterprises, especially large- and medium-sized enterprises under the ownership by the whole people is the key link to the reform of the whole economic structure centering around the urban reform. The "Decision" also put forth a new point of view that ownership can be appropriately separated from the power of operation and demanded that full and necessary decision-making power be given to enterprises under the ownership by the whole people in management so as to turn these enterprises into relatively independent business entities and commodity producers. Centering on this key link, the "Decision" laid down a set of mutually coordinating reform guidelines for the planning structure, the pricing system, the functions of state organizations in managing economy, the labor wage system, and so on. Based on the blueprint for reform put forth by the "Decision," and in accordance with the several basic aspects of the pattern of the economic structure, the guideline for the transformation of our country's socialist economic structure can be summed up in the following five aspects:

1. To remold the increasingly unitary economic structure adopted in the past into an ownership structure with the ownership by the whole people as the leading factor under which multiple economic and management forms develop side by side.

2. To change the power structure adopted in the past which delegated excessive economic decisionmaking power to the state level into a state-enterprise-laborer multi-level decisionmaking power structure centering on the goal of invigorating enterprises.

3. To turn the economic regulative structure practiced in the past, which took the command plan and administrative means as the main factors, into an economic regulative structure under which the role of the guiding plan is strengthened, the pricing system is used as a principal economic means, and the function of the market mechanism is brought into play.

4. To forsake the past distribution system which is characterized by the practice of eating from the same big pot and unduly stresses the state's interests but overlooks the interests of the collective (enterprises) and the individual (laborers) and to adopt a structure of economic interests which takes equal care of the interests of the state, the collective, and the individual and closely links economic remuneration to economic results.

5. To break away with the past economic organizational structure which mixes government administration with enterprise management, takes vertical subordinate relations as a main factor, and is characterized by barriers between different regions and departments, and to reform it into a network-type economic organizational structure, with central cities as its core, which separates government administration from enterprise management and takes horizontal ties as a main factor.

The new economic structure consisting of the above five aspects is almost identical to the planned economic structure which organically incorporates the market mechanism. Its main features are that: 1) It upholds the planned economy while giving full play to the role of the market mechanism; 2) it keeps major factors under proper control while giving a free rein to minor factors; and 3) it properly coordinates economic, administrative, and legal means and guides economic activities with economic policies and by economic means to fulfill planned targets. This new socialist economic structure not only basically differs from the market economic structure of capitalist countries but also largely differs from the economic structures adopted by other socialist countries.

Some socialist countries have carried out economic structural reform in the past 2 decades or more. These reforms can be classified into three main categories: The first category is to partly improve the traditional structure while keeping it basically unchanged. Although this program provides a bit more flexibility, it does not help to overcome the traditional structure's fundamental shortcoming of rigid control over the microeconomy. The second program is to basically rely on the market mechanism for regulating the economy. The plan, though drawn up by the state, does not provide a necessary means to exercise macroscopic control. As a result, although the microscopic economy is enlivened, the macroscopic economy always gets out of control. The target pattern of our country's reform of the economic structure

is aimed at invigorating enterprises and enlivening the microscopic economy while attaching importance to the state's role in providing necessary administration, guidance, and regulation. It is quite different from the two programs mentioned above. The last program emphasizes application of the laws of value to the planned economy and seeks an organic integration of the market mechanism and the planned economy. This program still remains immature so far and needs to be further developed and perfected. It has something for us to use as reference--stressing the use of economic means in managing the economy, for instance. However, our country, with a vast territory, a large population, and an imbalanced economy as its basic national condition, is largely different from the European countries that are embarking on this program. The target pattern of our country's reform of the economic structure on the one hand attaches greater importance to the flexibility enjoyed by a great variety of grassroots economic units and, on the other hand, pays more attention to the state's guidance for planning and macroscopic economic control. In addition, this target pattern also attaches due importance to the role of the middle-level units, particularly stressing the need for giving full play to the role of central cities in organizing economic activities, and so on. All these features show the noticeable difference between our country as a developing socialist big nation and the other countries that are embarking on this last program.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

RENMIN RIBAO ON INITIATIVE AT ALL LEVELS

HK170751 Beijing RENMIN RIBAO in Chinese 11 Jan 85 p 5

[Article by Wu Zhenjun [0702 2182 2492]: "Why Is It Necessary To Implement the Policy of Encouraging all the Initiative of the State, the Collective, and the Individual?"]

[Text] The "Decision of the Central Committee of the CPC on Reform of the Economic Structure" proposes: "We must mobilize all positive factors if we are to achieve rapid growth in all fields of production and construction and make our country strong and prosperous and our people rich and happy at a fairly fast pace. Under the guidance of state policies and planning, the initiative of the state, the collective, and the individual should all be encouraged. The principle of encouraging the initiative of the state, the collective, and the individual is to bring into full play initiative in all respects, and a basic principle to persist in the rational disposition and harmonious development of diversified economic forms and various methods of management.

To carry out socialist modernization, it is primarily necessary to rely on the ownership by the whole people economy. It grasps the economic lifeline of our nation, it has comparatively strong economic and advanced production technology, and is the dominant force in the socialist economy. Therefore, it is imperative to continue to consolidate and develop the ownership by the whole people economy so as to ensure the socialist orientation and the steady development of the whole national economy. However, under the historical condition of our country, the development of the economy of ownership by the whole people does not restrict and repel the development of other economic forms. The collective ownership economy is an important component part of the socialist economy, and it has functions and advantages which cannot be replaced by the ownership by the whole people economy. It is necessary for us to continue to consolidate and develop the collective economy, so that it may coexist with the ownership by the whole people economy over a long period of time, and that they might supplement each other and support each other, promoting the over prospering national economy through joint efforts. At present, we should provide necessary material conditions and legal protection for the development of the collective economy in cities and small towns.

While developing the ownership by the whole people economy and the collective economy in a big way and bringing into full play the initiative of the state and the collective, it is also necessary to bring into full play the initiative of the individual, and to relax policies and encourage the initiative of the individual. In recent years, the practice of reform of the economic system has created diverse forms to encourage the initiative of the individual.

First, under the premise of giving the dominant place to the ownership by the whole people economy, diversified forms of individual economy have been developed. Since the 3d Plenary Session of the 11th Central Committee, the individual economy of the laborers has greatly developed, while the realm of its management has been gradually extended. Today, the individual can run truck transportation, small coal pits, go in for building design and the tourist trade, practice medicine, run schools, and so on. The individual households in the rural areas may go in for whatever trades individual laborers in the urban areas are allowed to practice. Practice has proved that the individual economy has an irreplaceable role in developing social production, providing conveniences for the livelihood of the people, and expanding employment. Particular attention should be attached to developing individual economy in economic undertakings with labor services as the key link, which is suitable to scattered management.

Second, the implementation of the individual management form in the public ownership economy first took place in the collective economy in the rural areas. In implementing the system of contracted responsibilities with payment linked to output on a household basis in the rural areas, the most important point is the introduction of the individual management form into the collective economy, which has greatly brought into play the initiative of thousands upon thousands of families and brought about the record breaking development of agricultural production. In many localities, the individual management form on a household basis is also implemented on state-run farms, and has broken through the traditional management form of state-run farms. Now the individual management form has entered the ownership by the whole people economy in the urban areas as well. Small-type enterprises of ownership by the whole people are now run by collective management as well as individual workers under lease or contract. Thus, the rational disposition of various management forms will bring into play each of their roles and advantages.

Third, in the public ownership economy, private ownership of some means of production is allowed. The implementation of the system of contract responsibilities on the household basis, with payment linked to output has broken through the conventional practice of public ownership of all means of production in the collective economy in the rural areas. While persisting in the public ownership of basic means of production such as land, the peasants are now allowed to own some means of production so as to better develop production, which will only be favorable to the consolidating and development of the collective economy. In ownership by the whole people enterprises which are run by individuals under lease or contract, the individual workers should also be allowed to own some means of production.

And lastly, public ownership enterprises may absorb individual investment in the form of inviting the buying of shares. In given conditions, all ownership by the whole people enterprises and collective enterprises should allow their workers and staff (excluding party and government cadres) to buy shares on a voluntary basis as a form of raising capital, and the interest rates of those shares should not be lower than the fixed deposit interest rates of the banks. Those enterprises which make good profits may distribute annual bonuses to the share holders, so as to link the economic interests of the workers and staff closely with the fate of the enterprises.

It is beyond doubt that the initiative of the state and the collective should be encouraged, but why should the initiative of the individual also be encouraged? Some comrades do not quite understand it. Actually, the encouragement of the initiative of the individual has ample theoretical and objective grounds.

Our national economy has greatly developed over the past three decades and more since the founding of the PRC, but generally speaking, the level of productive forces is comparatively low.

Today, production in our country is carried out on the basis of automation and semi-automation, a general level of mechanization and semi-mechanization with semi-manual labor, and manual labor on a large scale as well. At the same time, there is great imbalance in the developing level of productive forces between different departments, between big cities and the rural areas, and between the coastal areas and minority nationality regions in remote border areas. Such imbalances and the condition of multiple layers of productive forces have determined the varied ownership structure of our country. It is on the basis of the law that production relations must be suitable to the conditions of productive forces that our party has determined the strategic principle that diversified economic forms will co-exist over a long period of time under the premise that ownership by the whole people economy be persistently given the dominant role.

The implementation of the individual management form in the public ownership economy is chiefly based on the appropriate separation of the ownership of the means of production from management power (including the powers of the allocation and the use of the means of production). In the collective economy in the rural areas in the past, ownership and management powers were unified; as a result, "work was done with frenzied activities without a proper long-term plan," and "egalitarianism was practiced in distribution," which seriously injured the labor initiative of the peasants. Under the premise that ownership will remain unchanged, every commune member is enabled to fully enjoy management power, with management carried out independently, while assuming sole responsibility for profits or losses. This will greatly heighten their concern over production from the view of their material interests. Practice has proved that with the implementation of such a management form in the collective economy in the rural areas, a powerful vitality is increasingly making itself felt. This successful experience has revealed to us that in ownership by the whole people enterprises, ownership and management powers can also be appropriately separated, and diverse management forms can be

implemented with flexibility; in particular, some small-type ownership by the whole people enterprises can be run by the collective or individual workers and staff under a lease or contract. The entering of individual management form into some small-type ownership by the whole people enterprises is an objective trend.

The implementation of the policy of encouraging the initiative of the state, the collective, and the individual is also based on the theory of historical materialism on the role of the people in social production. The people are the creators of history and of social wealth, and the forces that push social progress ahead. China has a population of more than one billion, and its wisdom, potential, and creativity is tremendous. To build socialism in an economically backward nation like ours, it is all the more necessary to bring into play the initiative of all workers, including the initiative of those united workers, and that of scattered, individual workers. The implementation of the policy of encouraging the initiative of the state, the collective, and the individual will be able to bring into full play the initiative of every laborer and to organize them rationally, so that they may play their most efficient role in building modernization.

In short, encouraging the initiative of the state, the collective, and the individual is a basic, long-term guiding principle for an economically backward country like ours in building socialism. Only when this principle is resolutely implemented will it be possible to rapidly develop all production and construction undertakings, and to make our country strong and prosperous and our people rich and happy at a fairly fast pace. Encouraging the initiative of the state, the collective, and the individual is also a guiding principle of the reform of the economic system of our country only when this principle is resolutely implemented will it be possible for the economic forms and management forms to have a rational disposition and harmonious.

Will the existence of various supplementary economic forms such as the individual economy affect the socialist nature of our society? The answer is no. According to conventional concept, socialism is to implement pure public ownership. As a matter of fact, historically from slave society to feudal society to capitalist society, with regard to their ownership systems, they were never so "pure" as to have only one form of ownership. The nature of any society is determined by the dominant ownership system. Capitalist society in its solid sense is derived from having the capitalist private ownership system in the dominant position. Likewise, socialist society in its solid sense is derived from socialist public ownership in the dominant position. Therefore, under the premise of persistently giving a dominant place to the ownership by the whole people economy, the existence of other supplementary economic forms such as the individual economy will not the least affect the socialist nature of Chinese society.

Will the implementation of the individual management form in public ownership enterprises change the nature of their public ownership? The answer is now. The nature of the ownership of the enterprise is not determined by the specific management form of the enterprise. The nature of ownership gives

expression to the nature of the relations of social production, while the management form gives expression to only the specific organization form of labor. Therefore, when the ownership of the means of production is separated from the powers of management, the process of using the means of production and the specific organizational form themselves will not express the nature of the ownership of the means of production. For instance, under the feudal system, when the feudal ownership of land was separated from the management power, those who took a direct part in management were not the landowners, but the peasants who farmed the land on lease. The peasants' management of the land did not change the nature of the feudal ownership of the land, neither did it change the relationship of exploiting and being exploited between the feudal landlords and the peasants. Under the capitalist system, the owners of capital can simultaneously be the direct managers, or otherwise; this does not change the nature of the private ownership of capitalism and its production relations. Likewise, under the socialist system, when the ownership of the means of production is appropriately separated from management powers, whether it is the individual management form in the implementation of the system of contracted responsibilities on the household basis, with payment linked to output, or the implementation of the management form of the individual worker under contract in medium- and small-type ownership by the whole people enterprises, or other management forms will not change the nature of the socialist public ownership of the means of production.

Will the development of the individual economy and the implementation of the individual management form be a kind of retrogression? According to the basic view of Marxism, in evaluating whether a kind of ownership or a kind of management form is making progress or retrogressing, it is imperative to judge by the criterion of whether or not they are favorable to the development of productive forces. Practice has proved that under China's historical conditions, the development of the individual economy within a certain limit and the implementation of the individual management form are favorable to the development of productive forces; therefore it is not a matter of "retrogression," but making progress. In the course of reform, we should grasp firmly such a basic view of Marxism from beginning to end; that is regarding as the most important criterion in testing the success or failure of all reforms whether or not they are favorable to developing productive forces.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

LIU SUINIAN ON SPEEDING UP PLANNING REFORM

OW180712 Beijing Domestic Service in Mandarin 0630 GMT 13 Jan 85

[Radio talk by Liu Suinian, vice minister of the State Planning Commission; date and place not given: "Speed Up Reform of the Planning System"--recorded]

[Text] The decision of the CPC Central Committee on reform of the economic structure adopted at the 3d Plenary Session of the 12th CPC Central Committee explicitly indicates the direction for reform of China's economic structure and is indeed a blueprint for this reform. It is an important decision for achieving our strategic goal of quadrupling our annual industrial and agricultural output value by the end of this century and for completely transforming China's economic structure.

The 3d Plenary Session of the 12th CPC Central Committee decided to speed up the restructuring of the national economy as a whole, with the focus on the urban economy. Our economic structure is a giant system which includes the industrial management system, capital construction system, commerce and foreign trade system, supply system, finance system, banking system, price system, and labor and wage system. In our economic structure, the planning system is a key link. To reform the economic structure, it is necessary to accelerate reform of the planning system. I have studied the decision of the 3d Plenary Session of the 12th CPC Central Committee, and now I would like to discuss my understanding and experience of planning reform. I will deal with three questions: 1. Why is it necessary to reform the planning system? 2. How to reform it? 3. Bringing about a drastic change in planning work.

I will discuss the first question first: Why is it necessary to reform the planning system? The decision of the 3d Plenary Session of the 12th CPC Central Committee points out that China has practiced planned economy since the founding of New China and has scored tremendous achievements in undertaking large-scale socialist economic construction by pooling large amounts of financial, material, and human resources. This is true and correct. By practicing a planned economy, we have established an independent and fairly comprehensive industrial system and national economic system in a relatively short time. There has been a fairly big improvement in the people's material and cultural life. However, there have also been defects in our planned economy. First, some of these defects were overcentralization, excessively

rigid control, and an excessive degree and proportion of mandatory planning. Enterprises had very little decisionmaking power. They had to follow mandatory plans from higher levels. Because of this, many matters which should have been handled by the enterprises were submitted to higher levels for examination and approval. As there was constant and endless wrangling among the higher levels, a matter or a problem could not be solved if one of the higher-level units had a different opinion. As a result, it would take months before a problem could be solved. This not only delayed work but encouraged bureaucratism. Second, in our planning work the law of value and market regulation were often neglected. We failed to use the means of economic regulation. Because of overcentralization and excessive control as a result of mandatory planning, enterprises were unenthusiastic about studying market information. As a result, sales were poor. Our planning system relied mainly on administrative means, on assigning quotas, and on issuing orders to enterprises, but paid no attention to the role of the law of value and the market and to applying the means of economic regulation. As a result, the prices of many commodities reflected neither their real value nor the relation of supply to demand. Because enterprises have to make arrangements for production according to planned targets, the production of daily consumer goods urgently needed by the people was neglected. The result was that production of goods in great demand failed to increase and that of goods in abundant supply could not be cut back, and that the supply of some products failed to meet demand while other products became overabundant. This seriously hampered enterprises from improving their products and raising their technical level. It also caused great waste.

The third problem is dislocation between input and output in our planning system, under which egalitarian practices are common, and responsibilities are not clearly defined. Because the use of technology is free of charge and supplies are inexpensive, everybody is encouraged to fight for more investment funds, more projects, and more supplies, hence the saying: The whole year's work depends on how much money and supplies have been acquired. However, after they have got what they wanted, they pay little attention to their economic value. In the sphere of production, because of high consumption of resources, production cost has been jacked up, and profits are low. In the sphere of construction, the return on our investment is poor, since investment could be unlimited, and the period of construction excessively long. In the sphere of commodity circulation, the process is sluggish and the overheads high. On the whole, these defects in our planning system have, on the one hand, sapped the vitality of our enterprises, making our economic operation inflexible and listless; on the other, they have obstructed a coordinated development of our national economy, and well as the full manifestation of the superiority of the socialist system.

In recent years, following the successful reform of the rural economic structure and the gradual development of reform in the urban economy, certain reforms have also taken place in our planning system. For example, supply and demand have been gradually regulated by the market, and attention has been directed to the role of economic levers. On the whole, however, reform has been slow. The above-mentioned defects in our planning system have not yet been fundamentally eliminated. Many problems remain unresolved. This

situation can hardly keep up with the needs of opening our door to the outside world and carrying out domestic reforms. First of all, there are still too many mandatory plans, and this is incompatible with the need of 'diversifying economic operations and expanding enterprises' decisionmaking authority. Following the adoption of various system of responsibilities in production in the rural areas, the forces of production have been steadily emancipated there, and industrial production, commercial operation, transportation, construction, and service trades have been developing in full swing in the rural areas. In the urban areas, collectively-owned and individually-operated economic establishments are also growing rapidly. A considerable number of small, state-operated enterprises will also gradually adopt the contract system. After the (?restructuring) of our large- and medium-size enterprises, they will also become relatively independent commodity producers and economic entities, which will be responsible for their own profits and losses. After the establishment of four special economic zones, 14 coastal port cities and Hainan Island have also been designated to open to the outside world. From now on, there will be more Chinese-foreign joint ventures and independently-financed enterprises. All this requires a further relaxation in our planning system, otherwise reform measures can hardly be carried out.

Moreover, after the economy has been enlivened, we must speed up provision of a balanced guidance for various economic operations, so that plans in various social sectors can be worked out more scientifically. We learn from experiences that, objectively, economic activities are inherently interrelated. Raw and semifinished materials, fuel and power needed by small state- and collectively-owned enterprises and individual producers, whose production is not included in any state plan, are important supplies controlled by the state, and the goods they produce will be sold on the market. This gives rise to the problem of balancing the national economic development and making overall arrangements. At the same time, after our enterprises have diversified their authority, there is also the problem of how to prevent major contradictions between their operation and requirements of the macroscopic economic development, so that production and construction will not be totally unrealistic. Currently, certain problems have cropped up in this area. This calls for more balanced plans and more research of measures capable of regulating and controlling a balanced macroscopic economic development, otherwise our manpower will still be wasted and our efforts to achieve better economic performance will still be of no avail.

Furthermore, following the development of the commodity economy and because of the enterprises' concern about their own interests, more economic measures are called for in our planning work. In recent years, thanks to the adoption of economic measures such as price readjustments, agricultural production has developed at great speed and has shown remarkable results. Now if we still rigidly adhere to the old administrative measures and old habits in the other sectors of the economy, not only will we fail to develop a commodity economy, but we will also find ourselves in a difficult situation to achieve the planned targets. In short, objective circumstances have compelled us to speed up the reform of the planning system.

The second question is how to reform the planning system. After summing up past experiences and lessons in the spirit of seeking truth from facts, the CPC Central Committee, in a decision on economic structural reform, has set down a general goal, which is to establish a unified and flexible planning system based on the law of value to develop vigorously a socialist commodity economy. The decision has scientifically summarized the basic points of the planned economy.

First, generally speaking, China implements a planned economy, which is a planned commodity economy but not a market economy entirely regulated by market forces.

Second, production and exchange of some farm and sideline produce, small commodities for daily use, and the service and repair trades, all of which are regulated by the market, play a supplementary but indispensable role in the entire national economy.

Third, implementing a planned economy does not exclusively mean mandatory planning but the inclusion of both mandatory and guidance planning as necessary components of the planned economy.

Fourth, while the implementation of guidance plans relies mainly on applying economic levers, the implementation of mandatory plans must also rely on applying the law of value. All this has more clearly pointed out the way to reform the economic structure further.

In following the requirements and orientation of the decision of reforming the planning system, we must realize that, first, it is necessary to break away from the traditional concept that sets the planned economy against the commodity economy, and that the socialist planned economy must consciously rely on and apply the law of value and hence is a planned commodity economy. Under the socialist planned economy, the objects of planning, be they consumer items or the means of production, are all considered commodities. Therefore, the planning system must fully stress and recognize the relationship between commodities and money, consciously apply and rely on the law of value and pay attention to the role of the market in the economy. This is an important theoretical basis, as well as a basic principle in reforming the planning system.

At the same time, reforming the planning system must proceed from China's basic national conditions. China is a country with a vast territory and a large population. China's economic and cultural development is highly uneven. Capability of economic management also differs from place to place. Its communications and transportation facilities are backward and the dissemination of information is nonexistent or very slow. Under such conditions, it would be impossible to attempt to include all economic activities under state planning while neglecting the important role of economic levers and market conditions. As pointed out in the decision, for a long time our overall national economic planning can only be rough sketches with great flexibility. It can only be expected to provide sound guidance for managing matters

of importance well by balanced overall planning and adopting economic measures while relaxing controls over matters of minor importance, thereby ensuring a properly balanced development of the national economy.

Where then should we begin to reform our planning system? First, greater authority to reform the planning system should be delegated to lower departments. Gradually and appropriately, the scope of mandatory plans and the scope of guidance plans should be reduced or broadened in the spheres of production, construction and commodity circulation. Only major economic projects, which have an important bearing on the overall situation, should be mandatory, whereas production of consumer goods and other economic projects should be guided or regulated by the market, according to different circumstances. In short, greater planning authority should be delegated to lower departments so that the operation of our enterprises, particularly the large- and medium-size enterprises owned by the whole people, can be further invigorated. This is the central link in restructuring the national economy with the focus on the urban economy. It is also a major issue that must be resolved in reforming the planning system.

The State Council has already taken the first step of reforming the planning system by approving the State Planning Commission's Several Tentative Regulations on improving the planning system. The regulations provide that mandatory plans will by no means be adopted in agricultural production; that the number of industrial goods produced under mandatory plans will be reduced from 120 to approximately 60; and that supplies subjected to the state's unified distribution will be cut from 256 kinds to 65 kinds. Mandatory targets for commercial and foreign trade enterprises have also been significantly reduced. With regard to fixed assets investments, not only has the control of investment with (self-raised funds) been relaxed, the authority to approve capital construction projects and technical transformation projects has also been transferred to lower departments. Moreover, local departments have also been given greater authority in utilizing foreign capital and foreign exchange.

Second, we must work out better macroeconomic policy decisions so as to achieve a better overall balance in our plans. Macroeconomic policy decisions refer primarily to the strategy for national economic development; the speed of economic growth; the relationship between major industrial and agricultural proportions, and between accumulation and consumption; the sizes, orientations, priorities and locations of investments in fixed assets; major economic and technical policies; economic and technical exchanges with foreign countries; training needed personnel; the extent of the improvement of people's living standards, and so forth.

Third, economic regulatory means should be applied comprehensively in planning. That is the key issue in reforming our old planning system and building a vigorous planning system. To that end, planning departments at all levels must, while working out their plans, study economic conditions and means for achieving the targets set out in their plans. They must also carry out comprehensive research and application of such economic levers as prices,

taxes, credits, wages, subsidies and so forth, and consider all such factors important parts of their plans. The state as an investor should also control part of the investment, supplies and foreign exchange as its economic means, with which it can lead and regulate economic activities, making sure that they proceed along the course charted in the state plan. After trade centers have been commonly established in the country, the state must be directly involved in regulating supply and demand and in holding down commodity prices on the market by means of the amount of supplies, especially means of production, under its control.

Fourth, all forms of planning contracts should be adopted. Thanks to the full-scale adoption of contract systems in rural areas over the past several years, the socialist enthusiasm among the 800 million peasants has been mobilized, bringing about vigorous economic growth in rural areas. Various contract systems should also be adopted in urban reform. That means that our cities should arouse the initiative and enthusiasm of those units executing various plans with all forms of contracts so that state plans can be successfully accomplished. In the industrial sector, for example, certain corporations and enterprises can adopt a contract of output increments, under which they can own the portions that exceed production quotas: and they can also adopt a system under which they can set their own production quotas, making sure that state quotas are met.

The experiences gained by the oil industry show that the contract system is quite effective. It has now been decided that the contract system will be adopted in coal, nonferrous and petrochemical industries. Investment in capital construction can also be governed by a contract system, under which the size of a construction project, the time of its completion, its production capacity, output, what kinds of products it can produce, the time it can recover its investment, and so forth, can all be defined in the contract. A contract defining responsibilities in designing and completing a construction project can also ensure the fulfillment of the principal obligations and eradicate egalitarian practices.

Fifth, the emphasis of planning work should be shifted to long- and medium-term planning and annual plans should be appropriately simplified. This is a major reform in the planning system. A scientific, complete long- or medium-term plan will provide us clear prospects for development so that our action will not be confined to the present, thus linking our present work to the achievement of long-range goals and enhancing our consciousness for carrying out the work at hand well. Comrades, please remember that major policy decisions, construction projects and technical innovation projects generally require years to complete. Long- and medium-term plans conform to such objective requirements. Long- and medium-term plans can also reflect the historical requirements of economic development and help us make overall arrangements by taking both past and future into account. To shift the emphasis of planning work to long- and medium-term planning, we must simplify annual plans. Annual plans should be drawn up in accordance with 5-year plans with more attention paid to the economic contracts signed with enterprises. All the above-mentioned coordination work will help free planning departments from excessively elaborate daily routine.

The five points discussed above are the major aspects of reform and we end our discussion of them here.

The third question--bringing about a new, major change in planning work. Currently, reform of the entire economic structure centered in cities is being accelerated and the door to the outside world has been further opened. Under the new circumstances, many of our past practices in planning work, as now we look at them, are not suitable or completely suitable. Meanwhile we need to study and solve many new situations and problems urgently. With the deepening of the reform of the economic and planning systems, we must extricate ourselves from those outdated concepts and methods and carry forward the spirit of emancipating the minds, seeking truth from facts, boldly carrying out exploration and doing pioneering work. To bring about a drastic change in planning work, we must have a drastic change in our thinking. For a long time we have equated the planned economy with mandatory planning and have regarded strengthening planned management as direct control of human, financial and material resources. We practiced direct management from top to bottom for fear that economic chaos would occur once power was delegated. Consequently, it not only dampened the enthusiasm of lower levels but also progressively suffocated the economy with increasingly inflexible management.

Our objective is to develop socially productive forces. The introduction of planned management is only a means to achieve that end. Mandatory planning is one of the necessary forms of the planned economy. Although the planned commodity economy is one of the characteristics of our system, we cannot assign excessive mandatory quotas to enterprises if we want to protect the interests of commodity producers and have the enterprises be truly responsible for their economic activities. Instead, we should introduce more guidance planning. Guidance planning is equally a form of planned economy. Only by combining well the two forms of the planned economy--that is, mandatory and guidance planning--can we ensure that the national economy as a whole will be well-managed, lively and free of chaos. Only by solving that problem in our understanding, can we--step by step and to an appropriate extent--reduce the scope of mandatory planning, extend guidance, and bring into play the important role of the law of value and economic levers in planned management.

Second, we must bring about a drastic change in our work. For a long time planning work was mainly devoted to calculating quotas, drawing up projects, appropriating investment and keeping up appearances. That made many departments draw up plans and assign quotas all year round, leaving them little time to study thoroughly the strategic problems and major issues of economic and social development. Without changing that state of affairs, planning work will be unable to adapt to the developing situation.

All plans adopted in the past, regardless of their quality, were mandatory and had to be implemented. That method just does not work now. Planning departments must regularly go deep into the realities of life and pay more attention to research and investigation to study new situations, solve new problems and sum up new experience. Only by doing so can we draw up plans that reflect actual conditions.

We should now pay special attention to economic information work and collect, sort out, and release in a timely manner data on domestic production, capital construction, scientific and technological progress, and market changes. We must do a good job of economic forecasting so as to formulate and implement plans well. It is necessary to strengthen research on major economic problems and feasibility studies on important construction projects. Only by carrying out such work well, in a down-to-earth way, can we raise the level of scientific planning and improve our guidance in economic development.

Third, bring about a drastic change in methods and the system. Planning work in the past was based on the old methods of setting levels and [word indistinct] and lacked scientific basis. We should change the traditional methods of formulating plans, attach more importance to economic and mathematical analysis, and make wide application of computers to gradually modernize planning work. We must change the past practice of placing undue emphasis on economic development and ignoring social development and scientific and technological progress, and combine economic and social development with scientific and technological progress. Economic and social development must rely on scientific and technological progress and scientific and technological progress must serve economic and social development. Currently, planning work must pay attention to studying tertiary industry and vigorously working out arrangements in this regard. It is particularly important to raise the level of production and service trades in the national economy as a whole. We must regard tertiary industry as an important one and develop it accordingly, and make corresponding reform in planning methods to correctly reflect the contributions of tertiary industry to society.

Fourth, bring about a change in organizational structure. The planning structure of the past was set up on the basis of the administrative levels of a department, with too many specialized organs and too few general organs. Overlapping organs duplicated one another's work and staff members were occupied by endless meetings and wrangling. From now on, planning departments should, in accordance with the principle of overall balancing, appropriately merge specialized organs and strengthen general organs. In line with the principle of giving play to the functions of organs of intellectuals resources, efforts should be made to set up and strengthen organs for research in planned economy, economic information, economic consultation, economic forecasting, and economic regulation. We must strengthen both overseas and domestic contacts in line with the open-door policy and involve experts and scholars in society in formulating plans. We must raise the political and professional levels of personnel in charge of planning work and continuously update their knowledge so that they can meet the requirements of the change in planning work.

Reform of the planning system involves complicated and difficult work. It not only requires us to stimulate the microeconomic development but also control the national economy as a whole. We should particularly bear in mind that ours is a big nation with a population of 1 billion and reform of the planning system will have widespread influence. As for reform measures, we should be bold in putting them into practice but, at the same time, be cautious and watch every step we take to ensure that the reform of the planning system will develop healthily along the correct path.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

NOTES ON STUDYING CENTRAL REFORM 'DECISION'

HK220729 Beijing GONGREN RIBAO in Chinese 21 Dec 84 p 3

["Questions and Answers Composed by Li Jinhua [2621 6930 5478] on the Study of the 'Decision of the CPC Central Committee on Reform of the Economic Structure'"]

[Text] Question: What are the concrete manifestations of the great successes of China's economic reform achieved first in the rural areas?

Answer: The great successes of China's economic reform achieved first in the rural areas are mainly manifested in the following three respects:

1. The all-round implementation of the economic responsibility system with payment linked to output.

After the establishment of the people's communes, one of the crucial points of China's rural economic system was that it lacked a complete production responsibility system, which resulted in rushing headlong into mass action in doing and evaluating work and failing to appropriately implement the principle of distribution according to work, thus dampening the initiative of the vast numbers of peasants for production. Following the 3d Plenary Session of the 11th CPC Central Committee, the establishment and perfection of the responsibility system in agricultural production actually proceeded from breaking the shackles of the "leftist" ideas and restoring the "contract system." From then on, the rural areas throughout the country explored and created various forms of methods which linked payment to output, centered on the "contract system," namely, "fixing work targets for each group and worker." Later, it gradually developed to "fixing output quotas for the labor force and individual households" and further developed to "assigning land to each household in exchange for fixed levies." Such a method combined the peasants' "labor" with "payment" so that the peasants could benefit directly and clearly know their responsibility. The method was also easily applicable and completely conformed to the socialist principle of distribution according to work.

2. The development of the new combinations in the rural economy. The course of developing the system of contracted responsibilities with payment linked to output based on households, there emerged various forms and multi-level economic combinations in the rural areas. This is another major breakthrough in China's rural economic reform.

After the cooperative transformation of agriculture, the rural collective economy was established according to administrative regions and levels. Transregional, interindustry, and multi-level combinations were not allowed in the past. The tentative plan on further developing the collective economy was also limited to the range of gradual expansion of the means of production of the public ownership according to administrative regions and levels. The serious defects existing in this rigid pattern, which resulted from "leftist" ideas, were disadvantageous to the rational combination of production factors such as means of production, labor force, and so on, to the development of division of social labor, and to giving full play to the initiative of the producers and managers. Following the 3d Plenary Session of the 11th CPC Central Committee, and implementation of the production responsibility system and the development of the rural economy broke through the existing cooperative forms and brought forth new economic combinations. There were combinations between the commune members; between the commune members, the collective economy, and state enterprises; between the regions and also between the production brigades (villages), communes (townships), counties and provinces as well as the joint efforts made in labor, funds, production, supply and marketing, storage and transport, and pre- and post-production services. The income of the commune members of the economic combinations derived from distribution according to work as well as from drawing extra dividends. The various forms of economic combination were advantageous to the rational combination of the production factors and to the development of the division of specialized trades, corresponded to the development of the rural economy, and had bright prospects.

3. The reform of the system that integrates government administration with economic management in the people's communes. This is the third major breakthrough in China's rural economic reform.

After the establishment of the people's communes, the rural areas in China practiced the system of integrating government administration with commune management. Serving as the political power of the state at the basic levels, the communes had the right to exercise control over the collective economy and organize production, exchange and distribution. The decisionmaking power of production teams was actually not ensured. Due to the integration of government administration and commune management, the management organs at the commune level could also exercise the authority of political power. As a result, the role of using economic means to lead the economic organizations was often neglected. In this way, it became difficult to eradicate the unhealthy tendencies of commandism, giving arbitrary directions, and so on. Therefore, reform in this respect was imperative. The basic contents of reform were: To separate government administration from commune management and let the people's communes become economic organizations and no longer the base level political powers of the state in the rural areas. To establish new township governments which would serve as the political powers at the base levels. To abolish the production brigades which served as administrative bodies and to establish village committees which would be responsible for handling public affairs and public welfare undertakings in the respective localities.

The above-mentioned reform measures enormously aroused the enthusiasm of the peasants for socialism and promoted the rapid development of agricultural production. In 5 years, the output of grain increased to 82.51 million tons, equivalent to the total increase in the 12 years before 1978. The output of cotton increased by 100 percent in 5 years, totaling 4.337 million tons. The total output of grain and cotton leaped to first place in the world. The rural economy is now shifting toward specialization, commercialization, and modernization. The "decision" pointed out that whether the reform facilitates the expansion of social productive forces should be the most important criterion for assessing the success or failure of all reforms. The vigorous development of China's agricultural production and rural economy is the convincing proof of the great successes achieved in China's rural economic reform.

Question: What is the relationship between the rational price system and the development of the national economy?

Answer: Value is the basis of price and price is the expression of value in the form of currency. The price of a commodity is fixed according to its value. There are certain ratios objectively existing between the prices of various commodities, which reflect the proportional relations objectively existing between the magnitude of value of various commodities. A rational price system can promote the development of the planned commodity economy under socialist conditions. On the contrary, an irrational price system may adversely affect the development of the commodity economy and even the entire national economy.

The irrational price system will first adversely affect the development of production. For example, the enterprises of certain basic industries will not be able to obtain their due profits under the normal conditions of production and operation due to the low price of their products and some enterprises may even have to suffer deficits. This is bound to dampen the initiative of enterprises are incapable of carrying out technical transformation, expanding reproduction, and constantly raising their labor productivity. A relatively rational price system should be the premise for the proportional and coordinated development of the entire national economy. In both industrial and agricultural products, if the price of certain commodities is a bit high, it will adversely affect production plans and lead to blind expansion of production. If the price is too low, the production plans are often unfulfilled because enterprises are not willing to produce these goods, resulting in shortage supply in the market.

When the price cannot reflect value and when it deviates from the value by being too high or too low, it will be impossible for the price to perform the function of accounting and it will be difficult to correctly assess the performance and economic results of enterprises. While enterprises are carrying out economic accounting, the various economic quotas are expressed in the form of value and value becomes an instrument for measuring materialized labor and animate labor. If the prices of various commodities are either too high or too low, the cost, output value, profits, and other quotas calculated therefrom will be inaccurate and will not reflect the actual circumstances. In this way, the economic results of some enterprises will be exaggerated, while

those of other enterprises will be depreciated. Furthermore, if the price deviates from the value for long, it will be impossible to rationally readjust the redistribution of the national income and to correctly implement the principle of distribution according to work.

In the course of commodity circulation, the state borne large amounts of price subsidies due to the irrational prices of grain, edible oil, cotton, and other commodities, the retail price of these products being lower than their state purchasing price, and the deficits in marketing these products. As the purchase and marketing, regional and seasonal price differences of some commodities are irrational, it becomes impossible to regulate commodity circulation in a planned manner, to maintain balance in supply and demand, and to correctly guide consumption.

The numerous problems left over from history and the irrational price system in China have already exerted a negative influence over the development of production, circulation and the entire national economy. Since the 3d Plenary Session of the 11th CPC Central Committee, although we have made some readjustments in the price system and improved it to some extent, the irrational state of the price system still commonly exists at present. In order to vigorously develop commodity economy in a planned way, we must conscientiously follow and use the law of value. As price serves as an economic lever which controls the law of value, only when the price system is relatively rational can it play an active role of regulation in the commodity economy and the development of the entire national economy.

Question: Why is it necessary to insist on developing diversified forms of economy and operation?

Answer: Since the 3d Plenary Session of the 11th CPC Central Committee, although the collective economy and individual economy have been restored and have developed to some extent, they are far from enough to meet the needs of the entire state and the people's life. For this reason, the "decision" has emphatically pointed out: We must work to develop diversified economic forms and various methods of management if we are to achieve rapid growth in all fields of production and construction and make our country strong and prosperous and our people rich and happy fairly quickly.

The development of diversified economic forms and various methods of management is aimed at the irrational phenomenon in China's ownership structure. After the socialist transformation of the private ownership of the means of production, due to the influence of the "leftist" mistakes in the past, we merely took note of developing the economy owned by the whole people, looked down upon and weakened the collective economy, and rejected and abolished the individual economy. Following the 3d Plenary Session of the 11th CPC Central Committee, we straightened out the erroneous ideas which one-sidedly held that a higher degree of public ownership and large scale of operation and management meant greater superiority, broke through the convention of adopting a single management method for various forms of ownership, and started to change the unitary form of public ownership into the coexistence of various forms of ownership led by the public ownership and to change the single method of op-

eration and management into diversified forms of operation and management. As a result, we enlivened the economy, developed production, exploited new sources of employment, and made things convenient for the people. Historical experience has repeatedly proved that in a socialist country like China, a unitary economy of public ownership and even a unitary economy of the ownership by the whole people will lead us nowhere. This is because:

First, the development level of China's productive forces is not high on the whole and the development of the various departments and trades of the national economy and the various localities is uneven. There exists modern mass production as well as backward small production; and mechanized and automated operation as well as manual labor on a large scale. In order to correspond with such different level productive forces, the production relations should be diversified. In other words, such different levels of productive forces and management need the corresponding diversified forms of ownership and management.

Second, as China is a big country with a large population, the pressure of employment is extreme and the needs of production and construction and the people's life are diversified. If the state economy takes on everything, it would be impossible to satisfy the different needs of various aspects. Therefore, it is necessary to simultaneously develop the collective economy and the individual economy and give full play to the role of their flexible and varied characteristics so as to provide society with a rich variety of products and labor force and to open all avenues of employment.

Third, as China is still not rich enough, the state must pool the limited funds to ensure the key construction projects. Therefore, many undertakings needed in society and for the people's life should be run with funds mustered by the collective and individuals.

Therefore, we must implement the system of ownership, in which the state economy serves as the leading factor, the collective economy serves as an important component factor, and the individual economy and other economies serve as the complement and in which these diversified economic forms coexist for a long time to come. These economic forms display their role respectively within a certain range. They cannot be replaced by each other nor can the order of their importance be reversed. The state economy is the socialist economy owned by the whole people. It is the main form of socialist public ownership in China. It controls the lifelines of the national economy and it is the material basis which ensures that the collective economy will advance along the socialist road, that the individual economy will serve socialism, and that the development of the national economy will conform to the total long-term interests of the people. The state economy should support and guide the collective and individual economies to develop healthily. In turn, the healthy development of the collective and individual economies will benefit the development of the state economy. They help each other forward and are not mutually exclusive. The collective economy in cities and towns relatively corresponds with the level of China's current productive forces. With less investment and simple equipment, it can provide various products and labor services in light of different needs and can provide employment opportunities to large numbers of laborers. It practices independent operation and the system of assuming sole

responsibility for its profits and losses. Its performance is closely connected with the benefits of the laborers, which is advantageous to the arousing of the people's initiative. It has great decisionmaking power and can flexibly change the methods, range and items of its businesses and operation at any time according to the needs of the market and society. It also maintains the fine tradition of running undertakings industriously. It would be impossible for the state economy to replace the collective economy in these fields. With simple tools and their traditional techniques, the majority of the people of the individual economy engage in handicraft work. With the characteristics of flexible operation, small products, quick adaptability, capability of being distributed through lanes and streets, and making things convenient for the people, it provides the masses with a rich variety of products and labor services. It would be impossible for the economy of public ownership to replace the individual economy in these respects. In other words, we can promote the development of the productive forces only with the diversified forms of economy and management.

Question: What is the key role of cities and what are the open and network types and different sizes of economic zones based on large and medium-sized cities?

Answer: Cities come into being when the social productive forces and commodity production and exchange develop to a certain stage. Modern cities suit the needs of mass production. The development of communications, transportation, science and technology has enabled these cities to become centers providing production, circulation, financial and information services. The economic activities of large and medium-sized cities can produce a great impact on a region, a province, several provinces and even the whole country. According to statistics, the total value of China's industrial fixed assets and around two-thirds of the workers and staff members are concentrated in the 245 cities. As places where the various departments of the national economy and where scientific, technological, cultural and educational undertakings are relatively concentrated, cities occupy an important position in the economic activities of the entire society and will continue to play an increasing role. Therefore, attaching importance to cities and giving full play to the key role of cities in organizing the economy according to the law of value is tantamount to grasping an extremely important link in the organization and management system of the national economy and to grasping the main sector of the economic activities.

Cities are the focus of industry as well as the ties which establish economic connections between China and abroad, between urban and rural areas, and between different regions. The role of cities is not limited to a single city. On the basis of cities, it is more important to break the bounds of different departments and regions, remove the barriers created between them and between the rural and urban areas, establish economic connections with the surrounding areas, and set up different types and sizes of economic zones which combine the different departments and regions and the urban and rural areas and which are characterized by the all-round development of agriculture, industry, commerce, communications and transportation, science and technology, education and service trades so that the cities can play their due role in industrial production, science and technology, domestic and foreign trade, circulation of

materials and goods, training of talented people, and organizing municipal construction and various service trades. Such economic zones centered on cities belong to the open style compared with the secluded patterns divided according to administrative system and regions and belong to the network style compared with the economic activities carried out mainly in light of vertical connections. For example, after implementing the system of cities exercising management over the surrounding counties, Jiangsu's Changzhou City proceeded from the existing economic connections and the objective of urban and rural areas making joint efforts in development, worked out unified plans, established five networks including industrial economy, commodity circulation, financial credit, scientific and technological cooperation, and transportation and post and telecommunications. Of this, the industrial economic network, centered on 11 industrial companies, included all the industrial enterprises of the city and the three surrounding counties in the network in light of different circumstances. Consequently, some became enterprises directly under the company, some became auxiliary enterprises, and some were subordinate to the company only in trade. The company's responsibility toward these enterprises varied according to the varying degrees of economic connections between them and the company, which resulted in the structure of multi-level industrial economic network. The State Council approved the establishment of the planning offices of the Shanghai economic zone and Shanxi energy base in an attempt to remove the barriers between different departments and regions and to rationally organize the economic activities on a wider scale.

The experience of the above pilot projects in reform proves that by relying on large and medium-sized cities in organizing economic activities, we can better combine departments and regions, break down the barriers between them, establish rational economic regions and networks, and organize economic activities according to the objective law of economy. This is an important way to accelerate China's economic development. Lenin said: "Cities are centers for the economy, politics and the people's spiritual life and the main motive force for advance." This directive is of great guiding significance to the reform of the economic structure carried out in urban areas. It was based on Lenin's idea that we stressed giving full play to the key role of cities and setting up open and network type and different sizes of economic zones based on large and medium-sized cities.

Question: Will the reform of the price system and the readjustment of irrational prices lead to a general price rise?

Answer: The "Decision" has clearly pointed out: "On the condition of developed production and an ever-increasing abundance of goods, the reform of the price system and readjustment of various irrational price ratios carried out on our own initiative will never bring about a general and spiralling price rise."

First, the management over commodity prices by the state can be divided into several different categories. Of these, the planned prices of commodities directly controlled by the state is the main sector of the entire price system. Most of these commodities are important products related to the national economy and the people's livelihood, such as grain, edible oil, cloth, fuel, and so on. As planned prices are controlled by the state in a unified manner,

they cannot be spontaneously and rashly changed. The state conducts necessary readjustments on the irrational price ratios of various commodities on the basis of the exchange of equal values and changes in the relation between supply and demand, lowering or raising prices as the case may be, thus preventing violent fluctuations in prices. If we follow the objective economic law, particularly the law of value, and conscientiously readjust the irrational price system by either lowering or raising prices in light of actual circumstances, it will not lead to a general rise of prices. For example, the state lowered the price of chemical fabrics and raised the price of cotton cloth last year and achieved good results. Prior to the readjustment, the price of cotton was raised on several occasions, which resulted in limited supply because the enterprises producing cotton cloth could not make any profits. Although the production cost of chemical fabrics dropped rapidly, the price remained high for fear of affecting state revenue. As a result, the production of chemical fabrics was limited due to huge overstock. After raising the price of cotton cloth and lowering the price of chemical fibers by a big margin, sales volume and production of chemical fibers increased remarkably. As sales volume of cotton cloth dropped, the method of rationing was abolished and there was an unlimited supply of cotton cloth. The raising and lowering of prices respectively did not bring about a general rise in prices because the ample source of textile goods ensured the supply in the market.

Second, apart from the planned prices of commodities directly controlled by the state, there also exist free prices and negotiated prices which lie between planned prices and free prices. These two categories of prices are also within the planned management of the state, in which the range of the negotiated prices higher than the prices of similar commodities is stipulated and strictly enforced by the state. As we know, the price of a commodity is the value of this commodity expressed in the form of currency. In the commodity economy, all commodities are exchanged according to their equal values, namely, according to the socially necessary working hours spent for producing each commodity. In the market however, the price of commodities will possibly not be equal to their values in the exchange on all occasions. This is because the price of commodities changes along with the changes in the relation between supply and demand. When supply exceeds demand, the prices are lower than their values; and when supply falls short of demand, the prices are higher than their values. Nevertheless, the price fluctuations caused by the changes in the relation between supply and demand are, in the final analysis, determined by the value. From a long term point of view, the prices which are higher than their values can be offset by the prices which are lower than their values. In a word, the prices of commodities are equal to their values. Therefore, even the free prices in the rural trade markets cannot generally raise prices at will be deviating from the law of value. Although the state has now relaxed pricing management over most of the small commodities and allowed the prices to be regulated freely by the market, it has not led to a general rise in prices.

The general rise of prices refers to all-round soaring of prices caused by currency devaluation under inflation. The soaring of prices in turn leads to inflation, which forms a vicious cycle. This is a chronic malady of capitalist economy. Under socialism, currency is issued by state banks. Provided we appropriately control the circulation of currency so that it can increase simultaneously with the sales volume of commodities, the readjustment of prices will never bring about a general and spiralling price rise.

NATIONAL POLICY AND ISSUES

CENTRAL COMMITTEE 'DECISION' DEVELOPS MARXIST THEORY

HK101405 Beijing GUANGMING RIBAO in Chinese 25 Nov 84 p 3

[Article by Wang Jue [3769 3778]: "The New Development of Marxist Political Economy"]

[Text] The "Decision of the CPC Central Committee on Reform of the Economic Structure" (hereinafter referred to as the "Decision" for short) adopted by the 3d Session of the 12th CPC Central Committee is an important historical document. This document has solved a series of important theoretical and practical problems of reform, integrated the universal truth of Marxism with the socialist practice of China, and developed the Marxist political economy. This development has mainly manifested itself in the related issues of the socialist commodity economy and the law of value. This article will mainly discuss the following three problems with regard to the new development of the Marxist political economy attributed to the "decision."

The Problem of the Inner Structure of the Economy Under Socialist Ownership by the Whole People

How should we treat the inner structure of the socialist economy under ownership by the whole people? This is an issue which is connected with our general understanding of the socialist economic relations as a whole. When Marx worked out a general outline for the future economic structure of society, he only expounded in principle on several basic characteristics of the structure of economic relations under public ownership, which he treated as a higher form of economy. He compared such economic relations to the internal relations of a large factory, and thought that the former was an expanded form of the latter. In some socialist countries, the structure of economic relations under public ownership is established on the basis of this principle. Within the scope of the economy under public ownership, they establish a highly centralized direct management system by the state. The state is both the owner of the means of production and operator of the enterprises. All the laborers work in a direct production process of the society, and they are connected with each other on the basis of the direct production of products and direct distribution of products. In practice, people have discovered many defects in the structure of this single-layer ownership by the whole people. Due to lack of economic vitality, it is difficult to have labor productivity higher than that of capitalism. Therefore, they start exploring

new structures. On the basis of conscientiously summing up both positive and negative experiences at home and abroad, the "decision" definitely point out: "Ownership can be duly separated from the power of operation." There are two layers in the structure of socialist economic relations under socialist ownership by the whole people--the state and the enterprises. This has broken with the "traditional concept" that there is only the single layer of the state in the structure of socialist economic relations under ownership by the whole people.

Why should there be the two relatively independent economic layers of the state and the enterprise in the socialist economy under socialist ownership by the whole people? The main reason lies in the form of integration between the laborer and the means of production. In other words, the independent integration of labor has its historical socialist characteristics.

There is a certain immaturity with regard to the laborer and the social form of the means of production in the socialist economy under ownership by the whole people. As far as the immaturity of the laborer is concerned, labor is still regarded as a means of life. There is a difference in quality among laborers. Therefore, labor still has a certain individual character. Under such circumstances, laborers naturally treat the fruit of their work and the work itself from the viewpoint of their individual interest. As far as the immaturity of the social form of the means of production is concerned, the scope of the ownership by the whole people is limited, because it is still based on the ownership system of the state. What is more important is that the means of production under ownership by the whole people should still be specifically owned and used by the local combined labor units--the enterprises. Such specific ownership and use separates ownership from the right to use the means of production. On the other hand, they include certain factors of collective ownership in ownership by the whole people. Therefore, the enterprises under ownership by the whole people contain certain factors of the collective economy.

Under such circumstances, there are two layers in the inner structure of the socialist integrated labor as a result of integration of the laborer and the means of production. The first layer represents the state. This is an overall integration. It is characterized by the direct ownership of the means of production by the proletarian state which represents the entire labor force, and mutual cooperation among the laborers on the basis of the common interests of the whole society. The second layer represents the enterprises. This is a partial integration. The integration of laborers within various enterprises as an entirety is a direct component part of the labor of society as a whole. In the meantime, an enterprise is an economic entity which has its own relatively independent economic interests and function of making independent selection. The differences in work and interests with regard to integrated labor among different enterprises can be reflected only through regarding products as commodities, and exchanging them. The organic connections between the state and the enterprises, which are the two layers of the economic relations under ownership by the whole people, have formed a complete system of the economic relations under ownership by the whole people.

The layer of the state has held sway due to its position in the entirety and the situation as a whole. Through working out plans, the state plays its leading role of providing guidance, making readjustment, supervising, rendering service, and collecting net revenues which should be used in a centralized way by the state. The layer of the enterprises is the main body of business operation in the economy under ownership by the whole people. Due to the fact that enterprises are the basic units of the productive forces and economic entities, they attain a fundamental position. They play their fundamental role by carrying out independent management, and producing and doing the business of commodities on the basis of assuming sole responsibility for their own profits or losses. It is obvious that the interrelations of the two layers inside the economy under ownership by the whole people are not political or administrative subordinate relations, but are the inner structure of socialist integrated labor, and the inner relations of the economy under ownership by the whole people. The inner structure of these two layers is the source of commodity economic relations inside the socialist economy under ownership by the whole people, and a main symbol which differentiates the socialist economy under ownership by the whole people from the communist economy under ownership by the whole society. In this way, we will have a more profound, complete, and accurate understanding of the essence and forms of socialist economic relations, so that we can draw, in theory and in practice, a distinction between socialism and capitalism on the one hand, and between socialism and communism on the other. In so doing, we will prevent the repeating of "leftist" and rightist mistakes.

With this general understanding, we can select in a scientific way the specific forms concerning the relations and system of the socialist economy, that is, the socialist economic system. In so doing, our economic system will meet the demand of the development of the socialist productive forces, and promote the rapid development of socialist economic construction.

The Problem of the Planned Commodity Economy on the Basis of Socialist Public Ownership

In accordance with the inherent logic of the mutual development of the productive forces and relations of production, Marx pointed out that under the conditions of highly developed socialized production, and of society owning the entire means of production, commodity production and exchange could be eliminated. Production and distribution could be directly carried out by society in a planned way. Later, in their early practice of establishing a socialist system, people neglected the necessary social and economic conditions needed in following this Marxist and socialist "pattern." They mistakenly regarded the elimination of commodity production as a basis for establishing a socialist economy system. As a result, the viewpoint that socialism could only practice the product planned economy became the so-called "orthodox viewpoint." This viewpoint mistakenly attributed the product economic relations characterized by highly socialized and developed production to socialism which is not yet high enough in socialized production, and is still fairly backward in certain aspects. This naturally gave rise to a kind of natural economy in disguised form as the concept of the socialist planned economy. This always puzzled us so that we failed to draw a distinction between socialism

and capitalism in a scientific way, and to differentiate the principle of socialism from that of communism. In practice, we repeated the "leftist" mistakes for a long time. Since the 3d Plenary Session of the 11th CPC Central Committee, on the basis of conscientiously summing up previous experiences and drawing lessons, our party has advocated vigorous development of commodity production and exchange. Through the practice of the past few years, there has been another leap in our ideological understanding. The "decision" has demonstrated our distinct theoretical understanding of this issue by explicitly pointing out: "Our is a planned economy, that is, a planned commodity economy."

Why should we say that the socialist economy is a planned commodity economy? On the one hand, the socialist economy is based on the public ownership of the means of production, and the fact that the basic interests of laborers coincide. Therefore, it is necessary and possible for socialism to develop the social economy in a planned and proportionate way. On the other hand, there are various differences and contradictions within the socialist public ownership system: 1) There are differences and contradictions between the economy under ownership by the whole people and the economy under collective ownership. 2) There are differences and contradictions among various economic units under collective ownership. 3) There are differences and contradictions among various enterprises under ownership by the whole people. These differences and contradictions of economic interest between laborers, enterprises, and the state because of different economic conditions and the nature of work cannot be gauged by simply making use of natural time as a yardstick, or be readjusted by directly relying on plans. On the contrary, they can only be measured by the exchange of products which enterprises regard as commodities, and the use of value as a unified yardstick. Only thus can the differences and contradictions in economic interest within the economy under public ownership be solved, and can the differences and contradictions with regard to the economic interest of people in the socialist society be solved. Therefore, socialism should organize production and other social economic activities by making use of commodity economic relations. Otherwise, the establishment of the economic relations under socialist public ownership is nothing but empty talk.

It seems contradictory to say that socialist economy is both planned economy and commodity economy. Actually, it is not contradictory. Saying that socialist economy is a planned economy means that the socialist commodity economy is developed in a planned way. Saying that socialist economy is a commodity means that the content of the planned economy is the development of commodity economy. Therefore, planned economy and commodity economy are merged into one. In other words, the socialist economy is a planned commodity economy based on public ownership. We should completely discard the erroneous viewpoint which separates planned economy from commodity economy, and sets them against each other.

Explicitly defining the scope of the socialist commodity economy is an important development of Marxist economic theory. It is because we understand that the socialist economic formation is neither natural economic formation, nor direct product economic formation. Instead, it is a planned commodity

economic formation. In the meantime, we have realized the governing position of commodity economic relations in the socialist economic relations. Such theoretical understanding is acquired after following a torturous course for a long time and paying a great price. It has completely discarded the viewpoint which regarded commodity economic relations as something which has no concern with, or is contrary to the socialist economy. This enables us to avoid repeating the "leftist" political mistakes, and to prevent the rightist mistakes. With such a theoretical understanding, we can vigorously develop commodity production, and promote commodity exchanges. We will no longer be overcautious, or filled with misgivings and fear in the face of the inevitable development trends of the socialist commodity economic relations. It is appropriate to say that fully developing the socialist commodity economy is a specific manifestation of developing social productive forces under socialist conditions. Only by fully developing the socialist commodity economy can we successfully promote the progress of socialist modernization.

The Problem of Market Regulation in a Planned Way in the Socialist Economy

How should we organize the economic operation of socialist society? Marx gave us general instructions on this issue. He said that after putting an end to the uncontrolled production of capitalism, society could rely on the strength of the public ownership system to control and distribute in a planned way social labor and material resources. However, Marx did not answer the question of the specific methods for this planned control and distribution. Over a long period of time in the past, people took active measures to explore this subject in both theory and practice. The country which was the first in scoring success in socialist revolution has accumulated some experiences in following a "pattern" which is characterized by highly concentrated and highly unified control by the state by making use of plans. It was regarded as the sole pattern of socialism. Later, practice proved that there are many defects in this pattern. Marxist in various countries have reconsidered and designed new methods for the planned control and regulation of the socialist economy in light of the scope of commodity economic relations. On the basis of drawing on the experiences of various socialist countries, and in light of the specific social and economic conditions in our country, the "decision" points out that the socialist planned economy should consciously rely on and make use of the law of value, and that the function of the law of value can only be fulfilled by making use of market regulation. In other words, the regulation by planning of the socialist economy should be market regulation in a planned way. This is a new contribution to the theory on the functions of socialist economic regulation.

The so-called market regulation in a planned way means that under socialist conditions, the distribution of social labor and material resources among various economic departments is consciously controlled by social planning, and the role of the law of value, that is, market regulation. It is because under socialist conditions the role of regulation by planning does not conflict with market regulation. They are unified. With regard to regulation by planning, it means that we should save on social labor, and distribute social labor proportionately. As far as market regulation is concerned, it also demands the fulfillment of the two above-mentioned requirements.

First, by making use of the contradiction between the prices of certain commodities and social value, we will be able to save on time needed in social labor. Second, by making use of the contradiction between the supply and demand of the social products as a whole, we will attain the purpose of distributing social labor proportionately.

Of course, there are differences in the two methods of regulation. They have mainly manifested themselves in the following: Regulation by planning can be carried out by the state which makes use of administrative means to work out plans and target, whereas the function of market regulation can be fulfilled only through the inherent process the operation of the market. However, their differences are those on the basis of unity. It is because without the relations of supply and demand in the market, regulation by planning will be deprived of the objective basis for working out and implementing the plans. Without the control of state planning, market regulation will be caught in blind competition and a state of anarchy. Actually, those two methods should be integrated. Weakening either of them means violating the objective economic laws of socialism.

Market regulation in a planned way can be realized through various methods. Generally speaking, there are three basic methods: Regulation by mandatory planning, regulation by guidance planning, and complete market regulation. In addition, there is regulation based on policies, and regulation based on a legislative system. At the present stage in our country, we should appropriately reduce the scope of regulation by mandatory planning and extend the scope of regulation by mandatory planning and extend the scope of regulation by guidance planning, properly give play to the active role of complete market regulation, and establish our own economic regulation system based on this principle. Under the conditions of the socialist commodity economy, regulation in whatever form can be realized only through changing commodity prices. This demands that we gradually place market prices on the basis of the prices of planned production. With regard to the price system, we should gradually reduce the scope of uniform prices set by the state and appropriately enlarge the scope of prices floating within certain limits and of free prices, so that prices will respond rather quickly to changes in labor productivity and the relations between market supply and demand. Only thus will it be beneficial to gradually establishing a comparatively rational socialist price system, to solving more effectively the problems such as irrational price ratios between different commodities, inadequate price differentials for a given product with diverse quality, and other problems and to changing the situation that the retail prices of some products are lower than the state purchasing prices. In so doing, the price lever will truly play its role of encouraging the advanced and spurring on the backward. In the meantime, the reform of the price system should keep in line with the reform of the wage system so that the living standards of the people will not drop because of the readjustment of prices. On the contrary, their living standards should be raised on the basis of the growth of production. Only by rationally solving the problem of price, can we adopt effective measures to carry out market regulation in a planned way. This is an important guarantee for the success of the reform of the entire economic structure.

Of course, the development of the Marxist political economy attributed to the "decision" is not limited to the three aspects of the inner structure of the economy under socialist ownership, planned commodity economy based on socialist public ownership, and market regulation of the socialist economy in a planned way. The "decision" has also broken with the outmoded conventions of the so-called "traditional viewpoints" with regard to the issue of distribution under socialist commodity economic conditions, the issue of diverse socialist economic forms and various methods of management, the issue of the functions of the state leading organs in a socialist country in organizing economic construction, and others. In these respects, the "decision" has made a new contribution to enriching and developing Marxist political economy. Due to limited space, I will not say more on these issues in this article.

CSO: 4006/295

ANIMAL HUSBANDRY-INDUSTRY-COMMERCE COMPLEXES GROW

OW240323 Beijing XINHUA Domestic Service in Chinese 0743 GMT 22 Jan 85

[Article by reporter Pu Liye]

[Excerpts] Beijing, 22 Jan (XINHUA)--This reporter has learned from a meeting of managers of animal husbandry-industry-commerce complexes which ended here recently that last year the 26 animal husbandry-industry-commerce complexes, jointly run by the China National Animal Husbandry-Industry-Commerce Corporation and various provinces, municipalities, and autonomous regions, strived to develop themselves in the course of reform and achieve results in competition by making full use of favorable conditions, such as the integration of animal husbandry, industry, and commerce, and the coordination of production, supply, and marketing. The total sales proceeds and profits of the complexes last year topped 208 million yuan and 22.54 million yuan respectively, up 108.3 percent and 125.1 percent over the planned targets.

Animal husbandry-industry-commerce enterprises were set up in our country not long ago. They have achieved such tremendous results in such a short time mainly because they adopted the following measures:

1. They have implemented an economic contract and a personal responsibility system on a trial basis. Last year most of the complexes did away with the practice of eating from the same big pot, and began to implement an economic responsibility system on a trial basis. Some also instituted a personal responsibility system in the enterprises.
2. They have vigorously cooperated with specialized households in operation. Animal husbandry-industry-commerce enterprises have combined production, supply, and marketing by supplying specialized households with improved animal breeds and mixed feed, providing them with technical consulting services, preventing and treating their animals for epidemic diseases, and buying, processing, and marketing products for them. They have thus solved problems for specialized households, and promoted the transformation of animal husbandry toward commodity production.
3. They have increased the competitiveness of their products by improving their quality.
4. They have made full use of favorable conditions and adopted flexible measures in management and operation. Taking advantage of its proximity to Hong Kong, the Huabao animal husbandry-industry-commerce complex in the Shenzhen Special Economic Zone supplied Hong Kong with 320,000 chickens last year.

NATIONAL POLICY AND ISSUES

STATISTICAL BUREAU ON RURAL INDUSTRY REFORM

OW141420 Beijing XINHUA Domestic Service in Chinese 1316 GMT 11 Jan 85

[Text] Beijing, 11 Jan (XINHUA)--China has two reforms in rural statistical work in 1984: calculating gross social output value in rural areas and including output value of village (brigade)-run industry in industrial output instead of in agricultural output. The two reforms were proposed in the "Report Requesting Approval to Calculate Gross Social Output Value of the Rural Areas and Incorporating Village (Brigade)-run Industry in Industrial Output Rather Than Agricultural Output" submitted by the State Statistical Bureau to the State Council.

The State Council recently approved the report and also issued a circular. The circular pointed out: In order to reflect the progress and the results of the economic structural reform in rural areas and to grasp fully and study the trends of rural economic development, it is necessary to calculate the gross social output value in rural areas. At the same time, in order to reflect correctly the changing situation in rural economic structure during various phases, it is necessary to separate village (brigade)-run industry from total agricultural output and incorporate it into the scope of industry. As the total agricultural output value constitutes an important component part in rural gross social output value, both should be calculated when studying economic problems.

In its report to the State Council, the State Statistical Bureau presented specific suggestions on reform procedures and calculation methods. Three categories to be included in calculating gross social output in rural areas were presented:

1. Total agricultural output value including the agricultural output value of all state and collective units and individual households.
2. Gross output value of industry in rural areas including industries formerly run by communes, production brigades and production teams; industries run by cooperative economic organizations under towns and villages, cooperative industries jointly run by the commune members, other types of cooperative industries, and individual industries in rural areas.

The report has made stipulations regarding how to separate rural industry and agriculture: In certain cases, it is impossible to draw a very clear line between industrial and agricultural production in actual production activities in rural areas. Under such circumstances, the total output value from rural industry (that is all township enterprises and individual industries in rural areas) will be included in the total industrial output value if it meets the following conditions:

1. Enterprises with fixed (or relatively fixed) production organizations, production sites, equipment and industrial workers.
2. Enterprises which have year-round industrial production activities or seasonal production activities running more than 3 months in a year.
3. Township industries that are independent accounting units, or a rural individual industry that has independent accounts and that is able to separate agricultural production from other lines of production in calculation and can make that calculation by itself.
4. Those enterprises that have received business licenses from local industry and commerce administration departments.

Only when the above four conditions are met, can they be included in rural industrial output value. As for those units engaged mainly in agricultural activities but only partly engaged in industrial production activities, their output value should be included in total agricultural output value in line with their main activities.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

PEASANT ENTERPRISE INDUSTRIAL CENTER IN BEIJING

OW120651 Beijing XINHUA in English 0640 GMT 12 Jan 85

[Text] Beijing, 12 Jan (XINHUA)--The central and Beijing authorities have approved the establishment in Beijing of a third industrial center by rural industrial enterprises from across China and preparations for its construction are under way.

The center, which will be located near a railway station to be built by the Lianhuachi pond in southwestern Beijing, will consist of a 50-story main building to provide comprehensive services related to rural industry, a smaller tourist industry building, and a street with more than 1,000 shops selling specialty products and foodstuffs from the provinces.

The proposal to build the business center in the capital was made by 50 peasant enterprises from different parts of the country in a letter they wrote to Chinese leaders recently. They are members of the board of directors of the all-China rural industry company.

CSO: 4006/295

NATIONAL POLICY AND ISSUES

BRIEFS

CIRCULAR COMMODITY SUPPLY--The Ministry of Commerce, the Ministry of Railways, and the Ministry of Communications recently issued a joint circular calling for all departments under them to do well in allocating and shipping commodities and materials before the Spring Festival to meet the demand on urban and rural markets. The circular points out: The railway, communications, and commercial departments must implement the State Economic Commission's principle on handling light and textile industrial products on a priority basis. It is necessary to firmly grasp the transport of commodities and materials, particularly those that are badly needed or in short supply on the market. The circular said: At present commodities are waiting to be shipped in some water transport areas. Commercial, harbor, and shipping departments in all related areas must do their best to rush to ship them within a short period. The circular calls for all regular passenger ships which navigate coastal seas, the Chang Jiang, and inland rivers to help ship commodities and materials if they berth at ports. "If a railway station has the capacity to ship commodities, the railway departments should give preferential treatment to commercial departments in terms of volume and timing." The circular also stresses strengthening the allocation and shipping work of commodities to avoid duplicate and roundabout shipping of the same commodities in an area to save the state's shipping capacity and reduce the expenses for commodity circulation. [Text] [Beijing Domestic Service in Mandarin 1200 GMT 8 Jan 85]

HANGZHOU AIRPORT VISA OFFICE--To suit the needs in making contact with the outside world and promoting tourism, the Zhejiang Provincial Public Security Department has decided to establish a visa office at the Hangzhou airport as of 1 January 1985 to directly handle entry visa matters which benefits foreigners and Overseas Chinese coming to China. It will play an important role in invigorating Zhejiang's economy and promoting the development of tourism. From now on, all Overseas Chinese and foreign passport holders who have invitation cables and notices sent by reception units concerned in China, many arrive directly at Hangzhou airport and apply for entry visas. Those who

want to visit China's cities which are open to the outside world may also directly arrive at Hangzhou to apply for entry by producing their passports. As of 1 January 1985, the provincial Public Security Department will handle foreigners' and Overseas Chinese compatriots' direct entry visa matters on Wednesday, Fridays, and Sundays. In keeping with the increase of the number of foreigners and Overseas Chinese coming to our province, the visa office will readjust and increase office hours for handling visa matters. Foreign diplomats, public functionaries, and government officials coming to China on official business will still follow the original regulations. Their visa application will not be handled at the airport visa office. [Excerpts]
[Hangzhou ZHEJIANG RIBAO in Chinese 29 Dec 84 p 1]

CSO: 4006/295

PROVINCIAL AFFAIRS

GU XIULIAN TOURS JIANGSU FACTORIES ON 1 JAN

OW150057 Nanjing XINHUA RIBAO in Chinese 4 Jan 85 p 1

[Dispatch by Zheng Cuihua]

[Excerpts] On 1 and 2 January, Governor Gu Xiulian and vice governors Chen Huanyou, Ling Qihong, Yang Yongyi, and Zhang Xuwu of Jiangsu visited the Nanjing Iron and Steel Works, the Yizheng Chemical Fiber Allied Corporation and the Yangzi Ethene Project to send their greetings to the broad masses of cadres, workers, and intellectuals who were working during the New Year holidays.

They urged the workers in these three major enterprises to earnestly implement the guidelines laid down by the 3d Plenary Session of the 12th CPC Central Committee, vigorously reform the economic system in various cities, create a new situation in economic work, and carry out production and construction even better this year.

The Nanjing Iron and Steel works is one of the largest enterprises in the field of metallurgy in Jiangsu. It had fulfilled its 1984 production target of turning out 250,000 tons of steel 29 days ahead of schedule.

The governors toured the steel-rolling, steel-smelthing, iron-smelting, and coke workshops, and the mill where thin steel sheets and ball-bearing were being made. They called on the cadres and workers to turn out more, and better, steel in support of the construction of the state. They also called for efforts to learn from the Shoudu Iron and Steel Company and the Hangzhou Iron and Steel Works, strengthen business management, raise technical standards, insure maximum labor protection, and carry out production safely.

On the morning of 2 January, Gu Xiulian, together with Ling Qihong, Yang Yongyi, and Zhang Xuwu, inspected the various production and construction sites of the Yizheng Chemical Fiber Allied Corporation in drizzling rain.

Since the beginning of construction work in 1978, more than 470 engineers and 700 college students have come here to work from all parts of the country. After hearing a briefing by the director of the corporation, the governors said: It is necessary to respect intellectuals. First of all, it is essential to treasure their knowledge, and put their talents and skills to the

best use. At the same time, efforts must be made to help them solve their problems, so that they may concentrate their efforts on their work. An enterprise will be able to retain talented people by putting them to best use, and taking good care of their livelihood.

Workers for the Yangzi Ethene Project had successfully fulfilled their task of installing 180 sets of equipment in 1984. After inspecting the various construction sites and the pier where large and extra-large equipment were unloaded. They unanimously praised the workers and staff members for their dauntless spirit of fearing no difficulties and marching forward courageously and urged the construction crews to advance on the crest of victory, and create another new situation in construction. They said: the ethene production project is a major engineering task for the state. If it is completed earlier, the state will benefit earlier. This year will be crucial for completing the project. The total amount of investment in the project is 650 million yuan. Therefore, those comrades who work for the ethene project must work hard, together with all those from all parts of the country, and concentrate their efforts on fulfilling the various construction tasks. At the same time, the various departments concerned in cities and in the province must give the ethene project their full support.

CSO: 4006/295

PROVINCIAL AFFAIRS

LI LIAN AT DAIRY PRODUCT PLANT OPENING

SK190134 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Jan 85

[Text] Construction of the largest dairy product processing enterprise in our country, the Heilongjiang dairy product plant, was completed and it was put into operation on 18 January. Chen Lei, governor of the province, and Wang Wenzhe, vice minister of the Ministry of Light Industry, cut the ribbon at the plant opening.

The building of the dairy product plant is a project covered by the agreement signed by Denmark and the PRC on economic cooperation. The plant was built with the long-term and interest-free loan offered by the Danish Government and it imported advanced dairy product processing equipment of the 1980's. This is one of the eight state key projects designed for light industry. The plant chiefly produces milk powder and can process 200 tons of milk daily and turn out 8,949 tons of dairy products annually. The opening of the plant means that our country has reached the world advanced standard in the dairy industry.

On 18 January, colored flags fluttered over the plant and people with flowers in their hands happily attended the plant's opening ceremony. Attending the ceremony were leading comrades of the provincial CPC Committee, the provincial advisory commission, the provincial people's congress, the provincial people's government, and the provincial CPPCC Committee, including Li Lian, Chen Lei, Hou Jie, Xie Yunqing, Wang Jun and Wang Minggui; Wang Wenzhe, vice minister of the Ministry of Light Industry; Cheng Fei, adviser to the Ministry of Foreign Economic Relations and Trade; (Ding Xuesong), former PRC ambassador to Denmark; Mr and Mrs (Mulle) of the Danish Company; representatives from the (Baolong) Corporation; responsible persons from the State Economic Commission, the State Planning Commission, the All-China Foodstuff Association, the China National Technical Import and Export Corporation, the provincial departments concerned, and from the units under Suihua Prefecture and Anda City; and leading comrades in charge of building the plant.

Li Lian and Chen Lei also wrote a few words of encouragement on the opening occasion.

CSO: 4006/297

PROVINCIAL AFFAIRS

GANSU'S LI ZIQI SPEAKS AT URBAN WORK CONFERENCE

HK230540 Lanzhou Gansu Provincial Service in Mandarin 0430 GMT 22 Jan 85

[Text] At yesterday morning's conference on urban construction and management held in Lanzhou City, Li Ziqi, secretary of the provincial CPC Committee, put forward five hopes for urban construction and management in Lanzhou City.

He emphasized that it is necessary to emancipate the mind, to carry out reform, to bring forth new ideas, to relax policies, and to strengthen management. It is essential to make first-class achievements with first-class work.

The five hopes put forward by Comrade Li Ziqi are:

1. It is imperative to work out first-class plans, to provide first-class city facilities and first-class public utilities, and to have a first-class city environment.
2. We must speed up urban construction and management with the spirit of reform.
3. It is necessary to seriously learn the experiences of other places in urban construction and management.
4. We must both have a long-term plan and race against time to strive for a gradual improvement of urban management year by year.
5. The central and provincial subordinate units in Lanzhou must become models in urban construction and management.

CSO: 4006/309

PROVINCIAL AFFAIRS

HEILONGJIANG: PROVINCIAL GOVERNMENT REFORMS PLANNING SYSTEMS

SK171238 Harbin Heilongjiang Provincial Service in Mandarin 2200-GMT 19 Jan 85

[Text] The provincial people's government has decided to reform the planning systems. The major content is as follows:

1. The production plan: All agricultural production targets are converted by the guidance plan. Agricultural production targets of this kind are reduced from 40 in 1984 to 25 in 1985, and these targets will be assigned to various cities and counties where these targets can be used as production and management information on a reference basis. In terms of the industrial production plan, the targets for the production of major industrial products are subject to the guidance plan. To ensure the needs of key production and key construction items, the major products, which are subject to state unified distribution, and the military industrial products are brought under the mandatory plan. In 1985, the number of industrial products whose output quota is covered by the mandatory plan are reduced to 33 from 91 in 1983; and the number of industrial products whose output quota is covered by the guidance plan are reduced to 38.
2. The plan for investment in fixed assets: Starting this year, all construction investments provided for in the state and provincial budgets should be changed from appropriations to loans. The investments changed from budgetary appropriations to loans, the capital construction loans covered by the state and provincial credit plans, the foreign capital used by the province, and the construction funds raised by the province in a unified manner should be subject to the mandatory plan. On the condition of controlling the general scope of construction, the construction projects built with the people's private funds should be covered by the guidance plan.
3. The plan for commerce and foreign trade: The total volume of retail sales is subject to the guidance plan. The number of commodities covered by the provincial mandatory plan is reduced from 59 to 17. The agricultural products covered by the guidance plan and the agricultural products remaining after mandatory targets are fulfilled can be put on the market through various channels. In terms of the foreign trade plan, the total import and export volume is subject to the guidance plan. The total import and export volume

arranged by the state in a unified manner and the major importa and export commodities are covered by the mandatory plan. The number of exported goods covered by the provincial mandatory plan is reduced from 81 to 36.

4. The labor and wage systems: to vitalize enterprises, some major reforms are conducted for the labor and wage systems. 1) The planned quota for the annual number of workers and staff members is set according to the other quotas for the national economy and is assigned to lower levels on a contact basis. 2) When employing new workers and staff members within the provincial-assigned quota for the number of workers and staff members, the provincial unified examination and approval will no longer be conducted. In this regard, the planning units of various localities and departments are allowed to independently decide on and transfer to lower levels the employment quotas in line with related regulations, and the employment quotas should be reported, for the record, to the provincial planning commission, the provincial economic commission, and the provincial labor bureau. 3) To better promote the reform of wage and reward systems, to implement the principle of imposing no ceiling limit for bonuses, and in accordance with the pertinent stipulations of the State Council, the wage for the piece-rate above-quota work, various kinds of bonuses and the floating wage for the promotion paid by enterprises from their private funds, as well as the money needed in reforming the wage system, should be separated from the target for the total wage volume, and should be controlled independently in line with the state policies and regulations. 4) The system of increasing wages for workers and staff members in line with the final accounts, which was implemented in the past among the workers and staff members covered by the state unified distribution plan, should be abolished. The former system of accounting for the labor wage quota at the year-end should be replaced by one of examining the implementation of the labor wage quota.

5. The supplies plan: In reforming the goods distribution methods, the newly added resources or goods which are subject to unified distribution are used mainly to ensure the state key construction items and to meet the demands for partially increasing the products covered by the mandatory plan. The number of goods supplied to the general projects should be no greater than the number for 1984.

6. The credit plan: We should implement such credit funds management methods as making unified plans, having different levels hold different responsibilities, controlling the balance, and ensuring reimbursed for amounts loaned.

7. The financial plan: In 1985, we will implement the new financial systems of determining the categories of taxes, fixing the revenue and expenditure targets, having different levels share the revenue at a fixed ration, and holding this ratio unchanged for a 5-year period.

CSO: 4006/295

PROVINCIAL AFFAIRS

GUANGXI CHAIRMAN ENUMERATES MAIN TASKS FOR 1985

HK101450 Nanning Guangxi Regional Service in Mandarin 1130 GMT 8 Jan 85

[Text] Yesterday morning the regional People's Government held a plenary meeting, at which Wang Zhuguang, vice chairman of the regional People's Government, relayed the spirit of the national conference on rural work and the national conference on financial work. Then Comrade Wei Chushu, chairman of the regional People's Government, made arrangements for tasks in 1983.

He said that the main task for this year is to make specific arrangements according to the spirit of the 3d Plenary Session of the 12th CPC Central Committee and the instructions of the Secretariat of the CPC Central Committee on Guangxi's work, and to firmly grasp it.

He said: We must further emancipate our minds and truly shift the focus of our work to economic construction. He stressed the necessity of firmly grasping the following eight tasks:

1. Maintain the good trend in industrial and agricultural production and strive to catch up with the national average level. The region made some progress in economic development in 1984. However, compared with the country as a whole, our development was very slow. We must do our utmost to make a breakthrough this year. The region's industrial output value is scheduled to increase by 8 percent or even 10 percent. The region's agricultural output value is scheduled to increase by 8 percent and must try to catch up with the national average level.
2. Actively and smoothly carry out the reform of the economic structure focusing on the urban economy. First, we must actively carry out price reform, wage reform, and the reform of monetary system under the unified arrangements of the central leadership and continue to carry out the reform of administrative organs. Second, in connection with the region's reality, we must firmly grasp rural price reform, the decentralization of administrative organs, and the separation of administration from enterprises in units directly under the regional authorities.

3. Readjust the rural economic structure and reform the system of monopolized purchase and assigned purchase of farm products by the state. It is necessary to give full play to the region's natural advantages, such as many mountains, a mild climate, and abundant rainfall, to further readjust the internal structure of agriculture. First we must readjust the plantation industry and enliven the distribution of crops. It is necessary to increase the grain output of per unit area, upgrade the quality of grain, and increase the total grain output. We must develop economic crops in a planned way so as to raise economic efficiency. Second, we must readjust the structure of large-scale agriculture, vigorously develop forestry, animal husbandry, and fishery and change as quickly as possible the status of a low percentage of output value of forestry, animal husbandry, fishery. Third, we must readjust the rural economic structure as a whole and carry out the comprehensive operation of agriculture, industry, and commerce.

4. Properly adopt the open policy and actively use foreign funds.

5. Firmly grasp the formulation of the Seventh Five-Year Plan and priority items in capital construction.

6. Continue to firmly grasp the reform of education, science and technology; attach importance to intellectual investment.

7. Spread the knowledge of the legal system among the people and firmly grasp the building of spiritual civilization.

8. Resolutely implement the policy on planned parenthood and do our best to control the population.

CSO: 4006/295

PROVINCIAL AFFAIRS

SICHUAN MEETING DISCUSSES PLANNED ECONOMY WORK

HK130307 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 12 Jan 85

[Excerpts] A Sichuan provincial conference on planned economy work concluded on 12 January after 7 days in session. The conference conveyed and implemented the spirit of the national planning meeting and made arrangements for the province's economic and social development plans in 1985. It also studied and discussed questions of further emancipating the mind, carrying out reforms of the economic structure, invigorating the province's economy, and improving economic results.

According to initial estimates, total industrial and agricultural output of Sichuan in 1984 rose by 10.8 percent over 1983, while financial revenue rose by 12.8 percent. The province has fulfilled the sixth 5-year plan targets for the main industrial and agricultural output indices.

The conference pointed out: The main tasks in the 1985 plan are to further implement the principle of invigorating the domestic economy and opening up to the world; actively and steadily carry out reform of the economic structure; promote macro-balance and coordination; properly handle the relations between price reforms, wages reforms, and investment scale; seriously grasp arrangements for the markets and the development of all social undertakings; fulfill and overfulfill the sixth 5-year plan; and create the conditions for economic development during the seventh 5-year plan.

At the closing session, Governor Yang Xizong made an important speech on reform of the economic structure, stimulating technological progress, speeding up technological transformation, vigorously developing urban and rural collective enterprises, opening up to the world, enlivening the domestic economy, and on communications and energy.

The provincial conference on economic and technical cooperation and counterpart support, which was held simultaneously, summed up and exchanged the province's experiences in cooperation work last year and discussed economic and technical cooperation and counterpart support work for this year. According to statistics, last year the province reached over 1,000 economic and technical cooperation agreements with fraternal provinces and municipalities, and raised and brought in over 400 million yuan in investment.

Addressing the provincial planned economy work conference on 6 January, Jiang Minkuan, deputy secretary of the provincial CPC committee and vice governor, said: The delegation of powers to enterprises must be done in a coordinated way. Powers must be truly delegated. In the past year, the departments and areas have done a log of work, and it could be said that the powers that should be delegated have been basically delegated. However, why do many enterprises still feel that they do not have enough powers? There are two main reasons: first, there has been no true separation of duties and responsibilities between government and enterprises; second, the delegation of powers has not been done in a coordinated way.

How are we to go about truly delegating powers to the enterprises and invigorating them? Jiang Minkuan said: There are three questions that we must get to work to solve immediately: First is the question of technological transformation and capital construction. Beginning this year, old enterprises will use their own capital to make arrangements for workers' housing, which will no longer be included in the general capital construction scale. The enterprises will use their own capital for energy and raw material for technological transformation, and make their own decisions regarding this, as far as they can. They need not request examination and approval. Regarding technological transformation projects costing more than 1 million yuan, we can consider the method of having the departments in charge just proposing suggestions for projects and the enterprises and banks having complete powers to carry them out.

Second the the question of further invigorating labor wages. Third is the question of foreign trade and imports.

CSO: 4006/295

PROVINCIAL AFFAIRS

GOVERNOR OUTLINES 1984 ACHIEVEMENTS, 1985 TASKS

HK181351 Shijiazhuang Hebei Ribao in Chinese 29 Dec 84 pp 1, 2

["Speech by Comrade Zhang Shuguang [1728 2562 0342] at the Provincial Planning Conference (Summary)"--date not given]

[Text] The speech I delivered at the New Year work report meeting held by the organizations under direct jurisdiction of the provincial government on 31 December 1984 summed up the province's work in 1983, analyzed the reasons for successes, and worked out the tasks and measures for 1984. At that meeting, I promised the participating comrades that I would sum up and look back on the province's work in 1984 at the same time this year. Now four important meetings are being held in the province, attended by the responsible comrades of all prefectures, cities and departments under the direct jurisdiction of the provincial government. For this reason, I would like to read out my New Year message in advance today.

I. Reviewing and Summing Up Our Work in 1984

In 1984, the province conscientiously implemented the principle of "rejuvenating the domestic economy and opening to the outside world." Stimulated by party rectification and reform of the economic structure, great achievements were scored in the work on all fronts. The province's political, economic, cultural, and educational situation is fine. One may well say that it is unexpectedly fine.

1. The main targets of the national economic plan have been fulfilled successfully. Throughout the province there emerged a number of counties which had quadrupled the annual gross value of their industrial and agricultural production. It was estimated that the gross social output value of the province in 1984 would exceed the target projected in the "Sixth 5-Year Plan" by 7 percent and that the annual gross industrial and agricultural output value would increase by at least 13 percent over the previous year. According to preliminary statistics, compared with 1980, the number of counties which have doubled the gross value of their industrial and agricultural production will be 43; 53 counties have doubled their gross agricultural output value; and 15 counties have doubled their gross industrial output value.

2. Continued bumper harvests have been reaped in agricultural production and the rural commodity developed vigorously. It was estimated that the gross agricultural output value would increase by 12.2 percent over last year. According to calculations, the gross grain output should hit a second all-time high and the gross cotton output should once again be a record. It was estimated that the gross output of oil-bearing crops would be 10 percent higher than 1983, also a record. The fruit output was an all-time high, totaling 2,656 million jin. Increases were recorded in forestry and animal husbandry as well as in the quantity and output of aquatic products as compared with the previous year.

What was most gratifying was that township enterprises developed rapidly. It was estimated that their annual total income would increase 200 percent from the 1983 figure. The number of peasants who gave up traditional farming in favor of diversified undertakings, such as breeding, processing, building, transport, and mining industries, commerce, and service trades amounted to 5,138,000, constituting 27.6 percent of the total rural workforce throughout the province. In many rural areas every household runs a factory with everyone becoming a worker. The new situation in which agriculture, industry and commerce are operated in a comprehensive way is taking shape. Marked changes have taken place in the industrial set-ups in the rural areas.

Rural commodity production is becoming increasingly specialized and socialized. According to statistics, the number of specialized households throughout the province has reached 2,495,000, comprising 22.7 percent of the total number of peasant households; economic combinations number 250,000; there are 5,483 specialized villages and specialized townships number 203. The avenues of rural commodity production are getting wider and wider with each passing day and the business scope is expanding continuously.

Gratifying achievements have been made in the construction of small cities and towns and specialized bazaars. In the province 92 counties (cities) have established and are establishing 152 large trading markets of all types using funds totaling 100 million yuan which they raised themselves, 60 of which are modeled after those of Gaobeidian, thus providing favorable conditions for the peasants to engage in industry and commerce in cities and to operate businesses in tertiary industry. According to incomplete statistics, the number of peasants who have moved to cities to engage in industry and commerce all over the province amounted to 300,000 and more.

3. Industrial production has continued to advance at high speed and in a harmonious way and product quality and economic results have improved. In 1984 the province's gross industrial output value was estimated to increase by 13 percent over that in 1983. Seventeen industrial products were awarded gold and silver medals by the state and 420 products were awarded by the provincial government as quality ones. Increases were made simultaneously in the output, realized profits and taxes, and revenue of the province's industrial enterprises between January and November, calculated in terms of comparable items. Loss-making enterprises have achieved great successes in turning losses into profits. The tempo of capital construction has been quickened. Compared with the previous year, the total volume of investment in fixed assets increased by

5.6 percent. Technical transformation has produced gratifying results. The investment in the projects involved in technical transformation was expected to be 7.7 percent more than last year. New advances have been made in the utilization of foreign capital and the import of technology.

4. In commerce, the market was livelier and more brisk with steady increases in purchases and sales. Compared with 1983, the volume of commodities purchased by state-run commercial units and supply and marketing cooperatives increased by 17.2 percent and the total retail sale volume of social commodities registered an increase of 23 percent. Rapid advances have been made in both collective and individual commerce. According to estimates, compared with the previous year, the retail sales volume of collective commerce should increase by 35.2 percent and that of individual commerce by 52.5 percent. Business was livelier in both urban and rural fairs with the volume of transactions being 26.4 percent more than the previous year. Grain departments and their affiliated organizations popularized the experience of Nanpi County in an all-round way, thus turning themselves from being grain suppliers to grain operators. They are expected to turn losses into profits successfully this year. New advances have also been made in foreign trade.

5. Revenues have increased fairly rapidly and a further improvement has been made in the living standards of the people. The province's revenue increased by 9.6 percent over 1983 and the income from industry and commerce tax between January and November was 16.3 percent higher than the same period last year. The revenues of all prefectures and counties have significantly increased and basically, every county has eliminated its financial deficit. The number of counties which are heavily dependent on state subsidies has greatly declined.

Fairly big increases have been scored in the incomes of the peasants and staff and workers. The average per-capita income of the peasants was 345 yuan, an increase of 15.7 percent over the previous year. The savings deposits of the urban and rural population have increased by a big margin.

6. New advances have been made in scientific and technological and educational undertakings. The number of scientific research findings which have passed appraisal tests totaled 243 or an increase of 150 percent over the previous year and the number of units using microcomputers throughout the province amounted to 1,000. They were tackling key technical problems in 123 topics by using microcomputers. By October a total of 70 items from the achievements of their research had been applied to production. The educational undertaking has developed at an accelerated pace. Compared with 1983, the number of students enrolled in institutions of higher learning increased by 21.2 percent and that of students enrolled in secondary technical schools by 12 percent. Adult education has developed rapidly. The number of students enrolled in adult schools registered an increase of 51.5 percent over last year. Reform in secondary and primary education has proceeded in depth and initial readjustments have been carried out in urban and rural secondary educational structure. One third of the total number of counties throughout the province have run secondary agricultural schools and secondary vocational schools. Conditions in rural secondary and primary schools have been further improved.

7. Fresh achievements have been made in the building of spiritual civilization and in the activities carried out jointly by the army and the people to build spiritual civilization. A new situation has emerged in the civilization-building and mass cultural activities in the rural areas. Cinemas, theaters, and bookstores run by individuals and the collectives are growing in number. The patriotic health campaign has been conducted extensively, thus substantially improving environmental sanitation in the countryside. Mass sports activities have been greatly expanded with sports skills considerably improved.

On the public security and people's court front, great successes have been made in cracking down on criminal activities and crimes in the economic sphere. A remarkable turn for the better has been brought about in the standards of social conduct, thus effectively ensuring the smooth progress of the economic structural reform and economic construction.

II. The Ways to Achieve Our Successes

How did we achieve our successes in 1984" The main reasons for this were as follows:

First, we adhered to reform and forged ahead while conducting reforms.

1. In order to ensure the smooth progress of reform, we seriously solved the problem of "political sluggishness and conservative thinking." Although our work in 1983 ranked among the best in the country, it was just "passable." One of the important reasons for this state of affairs was that large numbers of our cadres were "politically sluggish and ideologically conservative." Firmly grasping this problem, the provincial CPC Committee and government took serious measures to solve it. During the stage of comparison and examination in party rectification, centering on the maintenance of unity with the CPC Central Committee, the shifting of the focus of work of the whole party adopted by the 3d Plenary Session of the 11th CPC Central Committee, and the general task and goal formulated by the 12th CPC National Congress, the leading party group of the provincial government made particular efforts to settle the question of guiding ideology and work guidelines in creating a new situation using the method of the simultaneous study and discussion of documents, the simultaneous rectification and correction of defects, and the combination of efforts by both the higher and lower levels. At the important meetings held since the beginning of this year, the leading comrades of the provincial CPC Committee and government solved this problem, thus laying an ideological foundation for creating a new situation in economic work.

In order to solve the problem of "political sluggishness and conservative thinking" more effectively and to broaden the horizons of cadres, we invited quite a few experts and scholars from such big cities as Beijing, Tianjin and Guangzhou to give us lectures and sent large groups of cadres to the advanced localities all over the country to visit and study. The provincial, prefectural, and city authorities sent their own observation and study delegations (groups) abroad. In addition, we vigorously carried out the work of opening to the outside world and signed a number of contracts and letters of intent or memorandums for a number of projects, by holding symposiums on economic and

technological cooperation and investment, and through the handling of Chinese overseas affairs.

2. We streamlined administration and instituted decentralization as well as invigorated enterprises. The provincial CPC Committee and government successively formulated 83 reform documents for simpler administration and decentralization and provincial departments and bureau as well as departments under the direct jurisdiction of the provincial government also issued many reform regulations and measures to lower levels, including slating Shijiazhuang, Handan, Tangshan and Qinhuangdao for the status of cities where urban reforms were to be instituted on an experimental basis, expanding the powers of the four pilot cities in economic management, and putting the first-batch enterprises run by the provincial government and the second-tier whole sale stations in commerce under lower levels. At the same time, we also delegated some powers to lower levels in appointing and removing cadres, in examining and approving projects to be technically transformed, capital construction projects, and the import of technology and the utilization of foreign capital, and in such areas as pricing, labor and wages, financial control, and the establishment of organizations. All prefectures and cities also issued a total of 927 reform-related documents. All these have played a positive role in invigorating enterprises and bringing about economic prosperity.

3. Using the experiences gained in rural reforms for reference, we introduced a "contract system" in the cities. From March and April, prefectures and cities began extensively instituting a system under which enterprises contract with the departments in charge of economic work for full responsibilities for enterprise operations and management, and implementing various forms of economic responsibility systems among the internal departments of an enterprise. Wherever the contract system was carried out successfully, the enthusiasm of enterprises and their staff and workers was brought into play and marked economic results were achieved. All this created conditions for smashing the two practices of "everybody eating from the same big pot."

4. We established a circulation system with many channels and as few levels of management as possible. We merged province-run second-tier wholesale stations with city-run third-tier ones and increased the number of wholesale centers at lower levels; we abolished central shops, reduced the scope of accounting units in the retail sector, ensured that all commercial departments have their own business accounting, operated business independently, and practiced a flexible policy on purchases and sales; we established trade centers for manufactured goods, materials and goods, and farm and sideline products, thus expanding the scope of regulation by market mechanism; and we organized the direct sales of farm and sideline products in the cities, and in this way, the sales of such fresh and live commodities as live pigs, fresh eggs, milks and fruit increased in great quantities.

5. On the basis of continued implementation and perfection of the investment responsibility system by the building industry in construction projects, the construction enterprises under the jurisdiction of the urban building departments and their affiliated organizations universally practiced a system under which contracts are to be signed to fix the amount of wages for every 100 yuan's

worth of finished work. Hence, better economic results were attained everywhere in the industry. The methods of inviting tenders and of public bidding were applied in some construction projects, thus producing the desired results.

6. We further reformed the system of financial control. Aside from handing over a certain portion of revenues as stipulated to the central financial departments, the part of revenues created this year in excess of last year's figure was shared according to different proportions. In taxation work, we stressed overcoming the one-sided viewpoint of "benevolent government," instituted and perfected the job responsibility system and the system of rewards and penalties among tax collectors, and thus managed to check tax evasion. All this has played a role in ensuring a further turn for the better in the province's financial situation this year.

7. While conducting reforms in the urban and rural economic structure, we also carried out some reforms and readjustments in the administration of party and government organs. In the latter half of this year the provincial CPC Committee and government and all prefectures and cities initially established their own information feedback systems and strengthened their information feedback work. Some units under the direct jurisdiction of the provincial government and some prefectures and cities conducted some exploratory experiments in organizational reform.

Some reforms were also instituted in science and technology, education, public health, press, publication and other fields of endeavor.

Second, we smoothed out circulation channels and promoted the vigorous development of commodity production.

In the past, Hebei was economically backward. One of the reasons for this state of affairs was that people were trammled with "leftist" ideology and commodity production was underdeveloped. When implementing the central Document No 1 of 1984, we started with the solution of the crucial problem--smoothing out circulation channels. We decided that supply and marketing cooperative should be operated as units under the collective ownership system and be changed from being "run by the government" to being "run by the people" and this helped the cooperatives truly become cooperative commerce owned collectively by the peasant masses; that rural credit cooperatives should be run as genuine financial units of a mass character and small shops and existing cooperative shops should be operated in the same way as collective enterprises are managed; and that grain shops and centers should institute a responsibility system and introduce specific contracting methods. At the same time we paid particular attention to the development of transport and communications and thus made significant achievements in operating transport and communications undertakings by encouraging the concerted efforts of the state, the collective and the individual.

The smoothing out of circulation channels stimulated the development of specialized households, combinations and specialized villages and townships and the construction of specialized markets, and both trade and wholesale markets for farm produce. Departments at various levels did a lot of service

work in such areas as raw materials, funds, qualified personnel, information, equipment, cities, marketing, power, and transport, thus promoting the rapid development of farming, breeding, mining and processing industries, transport and trade services, the building materials industry, and the construction of small energy projects.

To meet the needs of the development of commodity production, we speeded up the construction of small cities and towns. Leaders at the provincial, prefectural, city, and county levels conducted investigations and study and put forth a number of policy measures on the construction of small cities and towns, thus making things convenient for the peasants to move to cities to engage in industry and commerce and promoting the development of tertiary industry.

Third, we persistently proceeded from reality and gave specific guidance in line with local conditions.

Being vast in territory, the province's natural and economic conditions vary from place to place. In developing the province's economy, we should proceed from the reality of the province, give full scope to its strong points according to the principle of suiting measures to local conditions, and offer specific guidance to different cases and on no account must we subjectively "demand uniformity in solving different problems" and mechanically copy the experiences of other localities. From this guiding ideology, we divided the province into eight categories of zones, namely, the Bashang highland zone, the Yanshan mountain zone, the Taihangshan mountain zone, the Eastern Hebei plain zone, the plain zone along both sides of the Beijing-Guangzhou Railway, the Heilonggang zone, the coastal plain zone, and the economic zone around Beijing and Tianjin and formed a research center for developing the Bashang, Yanshan, Taihangshan, Heilonggang, and coastal plain zones. In the light of their own conditions, all prefectures and counties designated several smaller economic zones with definite main directions of attack and specific breakthrough points. Consequently, in the province there emerged a lively situation in which every locality gave full play to its strong points, a situation characterized by "eight immortals crossing the sea by their own power." All these have promoted the overall development of agriculture, forestry, animal husbandry, sideline occupation, fishery and crop planting, breeding, processing, transport, marketing and other industries and further enlivened the province's economic work.

Fourth, we went deep into the realities of life, conducted investigation and study, and changed our leadership style.

We first conducted reforms in the existing administrative structure, put an end to the previous methods of "management according to particular trades," gave more powers to the provincial departments and bureaus, set up an information feedback system, and strengthened forces to synthesize and study so that the leaders of the provincial CPC Committee and government could free themselves from the practice of issuing an excessive number of documents and holding too many redundant meetings and concentrate on handling important matters and on giving prominence to priorities in work. Since the beginning of the past year, we have successively conducted investigations and study in such prefectures and counties as Zhangjiakou, Chengde, Tangshan, Qinhuangdao, Baoding, Handan,

Hengshui, Xingtai, and Cangzhou and together with the prefectural and county leaders concerned, we have studied and solved the questions, such as giving full scope to local strong points, and developing commodity; readjusting rural industrial set-ups and putting an end to the situation in which the peasants found it "difficult to sell their grain and cotton"; overcoming the one-sided viewpoint of "benevolent government" and strengthening financial and taxation work; the post-earthquake recovery work at Tangshan and the development of coastal areas; the further opening of Qinhuangdao City to the outside world; the economic structural reform of Shijiazhuang City; and the reform of secondary and primary educational structure. Standing Committee members of the provincial CPC Committees, governor and vice governors, and leaders of the provincial departments and bureaus and of the various prefectures and cities have also gone down to the grassroots units to conduct investigation, to direct work, and to study policy decisions, thus playing an important role.

This year we held an extensive discussion on economic strategy all over the province. Through the discussion, people have had a better understanding of the priorities of economic work and targets of endeavor, thus pushing the present economic work ahead and laying a foundation for drawing up the "Seventh Five-Year Plan."

In reviewing and summing up the work of the past year, while affirming our achievements, we must see that our fraternal provinces, cities, and regions are forging ahead with big strides and that compared with advanced provinces and cities, we still have along way to go. We failed to adequately emancipate our minds, to bring our initiative into full play, to attach sufficient importance to the import of technology and technical transformation, to take more significant steps in the economic structural reform, to foster a firm idea of developing the commodity economy, and to give fuller play to the strong points of all quarters concerned. Therefore, we have no ground, in the slightest degree, for being conceited and instead we must rouse ourselves, forge ahead with giant strides, and advance our economy more vigorously.

III. The Guiding Ideology and Tasks for 1985

The general task of the province's economic work for 1985 is to further implement the slogan raised by the CPC Committee of "arouse ourselves and rejuvenate Hebei" by centering on the magnificent goal of "quadrupling the annual gross value of industrial and agricultural production and striving for a comparatively well-off level of life," to continue to emancipate the mind, to seek truth from facts, to carry out overall reforms, to forge ahead with greater strides, to adhere to the guiding ideology of "invigorating the domestic economy and opening to the outside world," and to work hard to carry the province's economic work to a new height. The tasks of planning work for 1985 are to carry out the economic structural reform in an active and reliable way, to further invigorate the economy, to readjust rural industrial set-ups, to implement the principle of "simultaneously developing eight industries," to vigorously advance the commodity economy, to bring the scope of investment in fixed assets under control, to quicken the tempo of technical transformation, to persistently carry out the policy of opening to the outside world, to carry out economic and technological cooperation and the import of funds and

expertise in a big way, to vigorously promote the production of means of subsistence, to accelerate the development of tertiary industry, to make proper arrangements for the people's livelihood, to expedite scientific and technological progress and the training of qualified personnel, to make the building of spiritual civilization a success, to ensure the harmonious, sustained, and steady development of the national economy on the premise of attaining better economic results, and to create conditions for fulfilling the various tasks stipulated by the "Sixth Five-Year Plan" in an overall manner and for the development of the "Seventh Five-Year Plan."

The main economic targets in various areas are as follows: In agriculture, we must actively readjust the product mix and strive for a steady increase in grain production and on no account must we relax our efforts in this regard. The gross agricultural output value is to increase by 6 percent over this year. Efforts should be made to meet the tasks of purchasing grain and cotton as stipulated by the state and to ensure that the total income of township enterprises tops 20 billion yuan, doubling this year's figure, and the average per-capital income of rural inhabitants tops 400 yuan.

In industry, the gross industrial output value will increase by 8 percent over this year and the projected number of newly developed products is 110, of provincial top quality products is 450, and of nationally top quality products is 20. It is necessary to vigorously develop energy, transport, and raw and semifinished industries. At the same time, to meet the demands of urban and rural markets, it is also necessary to vigorously develop light and home electric appliance industries as well as food, feed, building materials processing, and mining industries. A breakthrough should be made in the production of compound feed.

In finance and taxation, it is estimated that the province's revenue allotted by the state in 1985 will show an increase of 8.7 percent. We should strive by every means to overfulfill this task. In commerce, it is planned that there will be an increase of 20 percent in the retail sales volume of social commodities next year as compared with last year and a 120 percent increase in foreign trade.

In science and technology, a total of 54 scientific research projects with 235 topics has been arranged, including the major technically difficult projects, such as the development of Yanshan, minicomputer software, building materials products, new textile products, and optic-fiber communications. It is necessary to make achievements in this research and apply them in production and economic development as quickly as possible.

In education, emphasis should be put on running schools by encouraging the concerted efforts of all quarters concerned, on strengthening professional education, and on accelerating the training of qualified personnel. Next year's student enrollment for ordinary institutions of higher education and full-time secondary technical schools will increase by 15 percent and 26 percent respectively. The number of students enrolled in other types of schools will also increase by a big margin.

New achievements are expected to be made in education, physical culture, broadcasting and television, press, publication, culture and art, and other undertakings next year. We must make new contributions for Hebei's economic takeoff and in realizing the strategic goal of "quadrupling the annual gross value of industrial and agricultural production and striving for a comparatively well-off level of life."

IV. The Breakthrough Points in the 1985 Economic Work

In doing economic work in 1985, we should, centering on the implementation of the central decision on reform of the economic structure, accurately select breakthrough points and make breakthroughs in the selected fields of endeavor in the light of the province's reality.

First, we should take invigoration of enterprises as a breakthrough point and speed up the overall reform of the urban economic structure. The provincial CPC Committee and government decided to spread the experience of Shijiazhuang City in carrying out the "percussive reflex" comprehensive reform, centering on the invigoration of enterprises, all over the province. In invigorating enterprises, it is necessary to pay particular attention to the crucial question of giving "six powers" to enterprises and to delegate the powers directly to the enterprises. No one shall retain the powers in a disguised form or by setting up barriers. At present companies with all kinds of names are showing a tendency to proliferate. The provincial government has worked out the "Provisional Regulations on Sorting Out and Consolidating Companies of All Types" and is prepared to issue the regulations to lower levels. Organizations under the direct jurisdiction of the provincial government and various prefectures and cities should conscientiously implement the regulations in accordance with their own actual conditions. An enterprise should practice a system under which a director or manager assumes full responsibility for directing the production, management and operation of his enterprise, provide itself with "a factory director and a chief engineer, and chief economic manager, and chief accountant," set up a powerful production control and decisionmaking system, and offer a scientific and unified guidance for management and operations. All large and medium-sized enterprises should set up a "three-in-one" operational system of scientific research, production and marketing in a coordinated sequence.

The separation of the functions of government and enterprises, simple and decentralized administration, and invigoration of enterprises will surely affect many aspects, such as the systems of planning, pricing, finance, banking and wages and labor as well as the pattern of administrative organizations. These institutions should willingly take the initiative in conducting reforms. In accordance with the "Several Provisional Regulations on Improving the Planning System" submitted by the State Planning Commission to the State Council and approved by the latter for implementation, the provincial planning commission has worked out 14 specific implementation measures, demanding that all localities implement them in real earnest.

Second, in industry we should quicken the pace of the technical transformation of old enterprises with the stress on the transformation of the textile, ceramic, and pharmaceutical industries. The provincial government has formulated

the "Provisional Regulations on Stimulating the Technological Progress of Industrial Enterprises."

We should firmly grasp the vigorous development of food, feed, building materials processing, mining, light and household electric appliance industries as an important measure to achieve the quadrupling of the annual gross value of industrial and agricultural production and to rejuvenate Hebei's economy. In accordance with the provincial government decision on developing the food and feed processing industries, we should work hard to significantly advance these industries next year. It is necessary to promote the development of the breeding industry by advancing the feed industry and to transform grain into meat, eggs and milk. In developing the building materials industry, we should lay emphasis on developing glass and cement production and on exploiting and processing marble and should actively import advanced technology and equipment so as to boost production by a big margin. In light industry, we should give priority to developing the production of consumption items needed by the urban and rural population, such as clothing, food, plastics, cigarettes, TV sets, washing machines, and radio-cassette recorders.

Vigorous efforts should also be made to develop energy, transport, and communications and to advance energy and power industries so as to enhance the installation and generating capacity of electricity. Aside from building large-sized power stations, it is necessary to run small thermal power stations using funds raised independently by all quarters concerned. The localities where conditions are ripe are encouraged to develop small hydropower stations, promote the utilization of methane and solar energy and at the same time, to make vigorous efforts to economize on electricity. In communications, stress should be put on expediting the construction of highways and improving the quality and haulage of roads. Our province is very backward in communications construction. We must be determined to change this state of affairs.

Third, we should start with making up deficits and increasing surpluses as a breakthrough point and bring about a further turn for the better in the financial situation. As far as the financial and banking work in 1985 is concerned, we should continue to concentrate our efforts on improving the methods of acquisition, accumulation, and spending and properly control and use the limited funds of the province. It is necessary to overfulfill the revenue plan assigned by the state by first turning losses into profits and boosting income and cutting down expenditures. With regard to the existing 144 loss-making enterprises, we should take resolute measures to implement the plans aimed at making up deficits in the enterprises one by one, strength operations and management, raise economic results, and turn losses into profits. As far as those enterprises still operating in the red due to mismanagement are concerned, we should be resolute in closing them down, suspending their production, merging them with others, and switching them over to other lines of products. In our province there are still 41 counties heavily dependent on state subsidies. They should manage to be more than self-sufficient as quickly as possible by developing commodity production, opening up new financial avenues, and boosting income and cutting down expenditures.

We should continue to strengthen taxation work and vigorously intensify the publicity work on taxation so as to make the work known to every household. Efforts should be made to overcome the one-sided viewpoint of "benevolent government" and to rigorously collect taxes according to the law; to enhance the competence of cadres working at the financial, tax and industrial and commercial administrative departments at various levels and heighten their awareness on taxation; to perfect rules and regulations, frequently conduct mass tax auditing, check every form of tax evasion, and collect all funds that should be collected; and to further tighten auditing supervision and price control and bring the role of economic levels into full play.

To put limited funds to good use, it is necessary to control the scope of investment in fixed assets, to thoroughly clear the "bearded projects" in capital construction, and to abandon the use of "methods imposing no limits on investment."

Fourth, we should start with the great expansion of township enterprises (including enterprises run jointly by the peasants with their own funds or run individually by the peasants) as the breakthrough point in accomplishing the goal of quadrupling the annual gross value of industrial and agricultural production. So long as township enterprises pay taxes and abide by the law, county authorities should leave them alone. It is necessary to "simultaneously develop eight industries," to encourage the peasants to work energetically with a free hand and ensure that every household becomes a factory, every room a workshop, and everybody a worker so that commodity production can develop vigorously.

In order to meet the needs of commodity production development, it is necessary to take a further step in readjusting rural industrial set-ups, to firmly foster the idea of agriculture in a broader sense, and to take the road of comprehensively developing agriculture, forestry, animal husbandry, sideline occupation, and fishery and of operating agriculture, industry and commerce in an overall way. Localities suitable for planting grain crops should carry out grain production well, strive hard to boost the yield per unit area, and increase the variety of grain. Localities not suitable for grain crop planting are encouraged to plant and develop what they see fit by adapting measures to local conditions. We should develop what is needed in both domestic and overseas markets.

It is necessary to readjust the ratios of primary, secondary, and tertiary industries and gradually shift more of the labor force to the secondary and tertiary industries. It is also encouraged to develop rural modern industries similar to those in cities and to accelerate the dispersion of urban industries to the countryside. The cities and the countryside should open to each other, cooperate closely with each other, and conduct open economic and technical cooperation and form combinations among themselves so as to achieve a rational rural and urban industrial distribution and to stimulate the move of the rural economy toward specialization and large-scale commodity production.

Fifth, we should firmly grasp the training of qualified personnel and the tackling of key problems in science and technology and vigorously develop intellectual resources; we should step up reform efforts in the educational

structure, give prominence to running ordinary institutions of higher education and full-day secondary technical schools, readjust the pattern of branches of learning and the offering of specialities, and tap the potential of universities and colleges as well as secondary technical schools; we should strengthen vocational education, run schools by encouraging the efforts of all quarters concerned, actively develop vocational universities and secondary schools; and we should strengthen the various forms of vocational education, such as television, correspondence, and evening universities and universities offering courses through magazines and vigorously train technical personnel and administrative or managerial personnel.

We should speed up the reform of our scientific and technological setup, separate the functions of the government and research institutes, expand the decisionmaking power of research institutes, and set up combinations integrating production with scientific research and we should also introduce a contracted responsibility system for research jobs and a contract system under which remunerations are listed, gradually turn scientific and technological achievements into a commodity, extensively develop the technology market, study and formulate technical and economic policies, promote scientific and technological progress, and provide first-rate service to the development of the commodity economy.

We should continue to adhere to the principle of simultaneously building socialist material and spiritual civilizations and in building spiritual civilization, we should stress conducting education among cadres and the masses in communism so that they can acquire an active, forward-looking, and enterprising attitude, foster lofty ideals and set high aims and lofty aspirations in realizing the four modernizations, and concentrate on the attainment of the goal of "quadrupling the annual gross value of industrial and agricultural production and striving for a comparatively well-off level of life." We should teach cadres and the masses to correctly handle the relationship between the state, the collective, and the individual; we should strengthen education in the legal system and heighten the sense of legality of the vast numbers of cadres and people; we should continue to crack down on criminal offences and criminal activities in the economic sphere and bring about a further turn for the better in public security; we should teach our cadres to willingly resist and check the unhealthy tendencies in the new situation and to foster an idea of working wholeheartedly for making the people rich and the country prosperous and strong; and we should continue to encourage the army and the people to work together to build spiritual civilization and push the building of spiritual civilization to new heights.

V. Improve Work Style, Pay Attention to the Art of Leadership, and Raise Working Efficiency

The work in all fields of the province in 1985 should accord with and serve the strategic goal of "quadrupling the annual gross value of industrial and agricultural production and striving for a comparatively well-off level of life." The provincial CPC Committee and government decided to spread the experience of the Langfang Prefectural Administrative Office in conducting an extensive discussion on the strategic goal of "quadrupling the annual gross

value of industrial and agricultural production and striving for a comparatively well-off level of life" and to energetically conduct a provincewide discussion and publicity work on the strategic goal in an extensive and thoroughgoing way so that it can take root in the hearts of the people. All departments at various levels, enterprises, townships, villages, households, cadres and individuals must do their best to fulfill their duties, offer advice, and make their own proper contributions in attaining the general goal.

In the course of the present economic structural reform, leading comrades of the party committees and governments at various levels must guard against a small number of people obstructing, damaging and defaming the economic reform by taking advantage of certain shortcomings in the reform. In the new situation of reform, some people think only of how to make the units where they are working and themselves rich rather than thinking of how to make the people rich and the country prosperous. They are in fact creating unhealthy tendencies, which should be seriously checked if discovered. We should teach our party members and state functionaries, party-member cadres in particular, never to forget the fundamental purpose of serving the people wholeheartedly at all times and repeatedly conduct education in the party's fundamental purpose. Those party members and cadres who engage in unhealthy tendencies by taking advantage of the reform should be dealt with sternly.

We should uphold the ideological line of seeking truth from facts and proceeding in everything from actual conditions, go deep into the realities of life, conduct investigation and study, sum up fresh experiences, and use typical examples as the guide in doing everything; we should tell the truth and not indulge in boasting and exaggeration; we should be honest in deed and not play tricks; we should be honest persons and not strive for undeserved reputation; and we should guard against ideological stagnation and rely on the masses in doing things. We must study conscientiously and go deep into the realities of life. There are two requirements set for all our cadres.

The in-depth development of economic structural reform has affected the pattern of administrative organizations which fall into the category of the superstructure. Therefore, the existing administrative organizations should be readjusted and reformed. Some departments dealing in similar lines of professional work should be merged and companies of an administrative or semi-administrative character should be abolished or changed into other forms and some departments should be replenished and strengthened organizationally so that our administrative organizations can meet the requirements of serving the people and of "streamlining, unification and efficiency."

The great cause of the four modernizations calls for high efficiency in work. Leaders at various levels must be bold in shouldering responsibility and not indulge in buck-passing when matters arise. They must have the courage to creatively implement the directives and decisions of higher authorities and create a new situation proceeding from actual local conditions.

PROVINCIAL AFFAIRS

ZHEJIANG GOVERNOR ON INVIGORATING ENTERPRISES

OW192339 Hangzhou ZHEJIANG RIBAO in Chinese 2 Jan 85 p 1

[Excerpts] Speaking at a meeting which took place at the Hangzhou No 1 cotton textile plant on the afternoon of the New Year's Day, governor of Zhejiang Xue Ju stated that large enterprises should give a free hand to invigorating their operation under the principle of "delivering more profits and taxes to the state and working for the workers' interests."

After hearing a report about the plant's 1984 production and operation and its 1985 projects, Comrade Xue Ju said: There are numerous ways to invigorate the large enterprises. In addition to preferential economic policies of the central, provincial, and municipal governments, large plants have the needed personnel, technology, equipment, information, management and other superiorities. As long as they are able to give full scope to the enthusiasm among their workers and technicians, there should be numerous ways to invigorate their operation. The provincial government has decided to carry out pilot projects at seven large plants, hoping that the experiences gained in them in invigorating their operation can be later applied in other large plants throughout Zhejiang.

To reinvigorate an old plant like the Hangzhou No 1 cotton textile plant, which has been producing only a limited variety of goods owing to longstanding rigid control, Comrade Xue Ju mentioned three specific measures: First, make an effort to increase the output of a variety of products of good quality, be well-informed of the market situation, and produce what the market needs. Second, make full use of the superiorities of old, large plants, diversify their operation, and develop tertiary industry by working with smaller plants and enterprises in townships and towns. Third, do a good job in technical transformation. To accomplish this task, large plants should make a success of their immediate projects and work out long-range plans. As long as a project is profitable, they should not hesitate to use loans, buy raw materials at negotiated prices, and carry out the project quickly so that it can yield profitable results at an early date.

CSO: 4006/297

PROVINCIAL AFFAIRS

SHAANXI FORUM OF PEASANT ENTREPRENEURS OPENS IN XIAN

HK181418 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 17 Jan 85

[Text] The first forum of peasant entrepreneurs in our province, sponsored by nine peasant entrepreneurs, opened in the Xian People's Building this morning. Approximately 100 peasant entrepreneurs from several dozen trades in nine prefectures and cities in the province are happily gathering to discuss the great plan for developing all township and town enterprises throughout the province.

Prior to the forum, Vice Governor Xu Shanlin visited the nine peasant entrepreneurs and expressed the hope that through this forum, they will break the barriers between the urban and rural areas, will absorb qualified personnel and import technology from the urban areas to township and town enterprises, will circulate all kinds of economic information around the rural areas and between the urban and rural areas, will exchange experiences in a down-to-earth manner, and will create a new style of forum.

(Guo Jianhua), director of the (Dachang) starch mill in Sanyuan and vice chairman of the organization committee of the forum, presided over the forum. (Shi Wuquan), manager of the (Shuibao) Township Commerce Company in Chen Village, Fengxiang County, delivered the opening speech. Leaders of departments concerned at the provincial level attended the forum to extend congratulations. Some 40 representatives of universities, colleges and scientific research units in the province and city were invited to attend today's forum.

CSO: 4006/297

PROVINCIAL AFFAIRS

DAILY ON SHANDONG'S 1984 ECONOMIC ACHIEVEMENTS

SK210222 Jinan DAZHONG RIBAO in Chinese 1 Jan 85 p 1

[Excerpts] The province's economic situation in 1984 was uniformly excellent. The province is expected to fulfill or overfulfill its annual plans. Its major characteristics in economic development are as follows:

An overall bumper harvest was reaped and the transformation of rural systems developed in depth. On the basis of scoring a 15.4 percent increase in 1983, the province is expected to realize more than 29 billion yuan in total agricultural output value in 1984, a more than 11-percent increase over the 1983 figure.

A good tendency of a steady increase in industrial production has appeared. In the January-October period of 1984, total provincial industrial output value reached 40.93 billion yuan, accounting for 97.4 percent of the provincial annual plan and an 11.57-percent increase over the corresponding 1983 figure. Of the total industrial output value, the light industrial enterprises realized 22.3 billion yuan, a 10.6-percent increase over the figure of the corresponding 1983 period; and the heavy industrial enterprises, 18.65 billion yuan, a 12.7-percent increase over the figure of the corresponding 1983 period. The province is expected to realize more than 45 billion yuan in 1984 in annual total industrial output value, a more than 11-percent increase over the 1983 figure. It is expected to realize 53.3 billion yuan of annual financial revenues in 1984, a 7.7 percent increase over the 1983 figure. The labor productivity of industrial enterprises surpassed the 1983 figure by 8 percent, topping the peak of the past few years. According to initial statistics, the proportion of scientific and technological progress that has contributed to the 1984 increase in total industrial output value may reach around 50 percent, surpassing the standard of the past 20 some years.

A new situation also exists on the capital construction front. The structure of construction has become more reasonable and the key projects of construction have been carried out in force.

New progress has been made in enforcing the open-door policy. The province did a great deal of work and scored gratifying achievements in

1984 in utilizing outside funds, introducing outside technology, conducting joint-venture business, and building the economic and technical development zones of Qingdao and Yantai cities. In the first half of 1984, the province introduced 383 technical items covered by outside investments, worth more than U.S.\$220 million. In foreign trade, the province is expected to realize more than U.S.\$2 billion in total export value in 1984, a more than 10-percent increase over the 1983 figure.

CSO: 4006/311

PROVINCIAL AFFAIRS

BRIEFS

MEETING ON SUPPORTING XIZANG--A Sichuan conference on supporting economic construction in Xizang, convened by the provincial government, was held in Chengdu from 15 to 18 January. Apart from conveying and implementing the spirit of the second conference on aiding Xizang convened by the central authorities at the end of last year, the meeting focused on summing up the progress of projects undertaken by the province. Representatives of the prefectures, cities and units undertaking these projects exchanged experiences at the meeting, strengthened liaison between the different projects, and improved the dovetailing of each stage of the projects. The meeting also made arrangements for future work and put the tasks on a sounder basis, to ensure the completion on schedule by September of the projects undertaken by the province, to greet the 20th anniversary of the establishment of the Xizang Autonomous Region. Ding Changhe, adviser to the provincial government, attended the meeting. Vice Governor Luo Tongda made a speech. [Text] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 18 Jan 85 HK]

SHANDONG ENTERPRISE CONSOLIDATION--Shandong Province has made marked achievements in enterprise consolidation work. As of the end of 1984, 1,732 industrial enterprises whose production is under the state unified budget had passed the acceptance test for enterprise consolidation, accounting for 85.4 percent of the plan. A total of 7,220 commercial enterprises have been consolidated, amounting to 88.4 percent of the plan. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Jan 85 SK]

OUTPUT VALUE RAISED--The total output value of the province's village and town enterprises topped 20 billion yuan last year, an increase of 30 percent over 1983. This rural industrial output value surpassed the output value of agriculture, forestry, animal husbandry, and fishery for the first time. Various types of relations among village and town enterprises have greatly developed in the past year. At the same time, relations between village and town, among regions, and between scientific research institutes and production units, defense and civilian factories, and producers and operators have become closer. The Changzhou Electrical Machinery and Appliances Plant and 36 village and town enterprises in Jiangyin and Wujin have jointly organized a joint enterprise for micromachine production. By so doing, they have increased their production and profits, without increasing funds and manpower. Since the party Central Committee issued its Nos 1 and 4 documents, peasants have been willing to invest more money in enterprises, and exert themselves in learning science and technology. Investments in village and town enterprises increased 1 billion

yuan in the province last year. [Excerpts] [Nanjing XINHUA RIBAO in Chinese 10 Jan 85 p 1 OW]

ENTERPRISES' POWER--On the afternoon of 12 January, Zhao Zengyi, secretary of the provincial party committee and governor of the province, and responsible persons of some enterprises held a discussion meeting in Jingdezhen City on delegating more decision-making power to the enterprises. Comrade Zhao Zengyi stressed: This year is a year for the invigoration of enterprises. We should do a good, large-scale job in the first quarter. We should grasp simultaneously the delegation of more decision-making power to the enterprises, the implementation of the plant director and manager responsibility system, and the establishment and improvement of economic responsibility in the enterprises. We ought to give heavy responsibility to young and energetic young men. This year, we should further emancipate our minds and delegate power to the power to the lower level. If the enterprise has no decision-making power, it will be impossible to arouse the initiative of the cadres, workers and staff members, and problems, if encountered, cannot be easily solved. The following two requirements must be met before the enterprise can be invigorated. First, the mandatory plans must be fulfilled. Second, the prices and total amount of wages must be approved in advance. As for reforms in other areas, the enterprise may have a free hand to set up measures and put them into practice. [Text] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 16 Jan 85 OW]

GUIZHOU DEVELOPS FODDER INDUSTRY--In 1984, the province built 63 fodder plants and companies that have standardized equipment and have an output volume of over 65,500 tons, an increase of more than 600 percent compared with 1982. Since 1979, the province's prefectures and counties have invested a total of 5.59 million yuan in the industry, and have received 600,000 yuan in bank loans. They have imported and installed more than 80 sets of fodder processing machinery and equipment. Meanwhile, the provincial Grain Bureau allocated more than 150 million jin of unprocessed food grain. Together with abundant sideline products from the food processing industry in various prefectures and counties, this has provided raw materials for processing fodder in a scientific way. This has also allowed more nutritious elements to be incorporated into the fodder. [Summary] [Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 20 Jan 85]

HEBEI GROSS INDUSTRIAL OUTPUT--In 1984, the industrial and communications front in our province adhered to the principle of opening to the outside world and invigorating the domestic economy and scored the unprecedented good achievements. The gross industrial output value of the whole province hit was an all-time high and was 14.84 percent more than in 1983. The range of increase was higher than the national average level. The output of the 100 kinds of main industrial products throughout the province, the output of 73 kinds increased by a big margin compared with that in 1983. In 1984, the marked characteristics of industrial production in our province were that balanced production was carried out and that economic results were better and better month by month. Light industrial production increased in an all-round way. Output of light industrial products, including television sets, recorders, washing machines, watches,

textiles, woollen yarn, cigarettes, and beer, greatly increased. The range of increase in industry run by the collectives was higher than the range of increase in industry run by the state. The township and town industry made a breakthrough in development. Marked achievements in reducing deficits and increasing surpluses were made. The amount of deficits in 1984 was 47 percent less than that in 1983 and the number of enterprises incurring losses dropped from 14.4 percent in 1983 to 6.73 percent in 1984. [Text] [Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 12 Jan 85]

GUANGDONG 1984 ECONOMIC GOALS--Guangzhou, 18 Jan (XINHUA)--The economic situation in Guangdong Province in 1984 was better than ever. According to preliminary statistics, the total industrial and agricultural output value reached 52.9 billion yuan, increasing 16.2 percent over 1983 and overfulfilling the targets set in the Sixth 5-Year Plan a year ahead of time. Guangdong Province continued to readjust its disposition of agriculture and reduced its grain acreage by 2.48 million mu last year. However, the province's total grain output increased more than 100 million jin over 1983, a year of bumper harvest. The province's output of sugarcane, jute, bluish dogbane, and silkworm cocoons increased some 20 percent compared with the previous year. Total agricultural output value increased 9.8 percent. The province's total industrial output value was 36.5 billion yuan in 1984, a 19.3-percent increase over 1983. Last year the province instituted a public-bidding and contract system for the construction of key projects and of the special economic zones, thus quickening the progress of construction, shortening the construction periods, and improving quality in this regard. Investments in the construction of the Shenzhen, Zhuhai, and Shantou Special Economic Zones last year increased more than 60 percent over 1983, and 20 of the province's 24 key projects to develop and build Hainan Dao were started. [Text] [Beijing XINHUA Domestic Service in Chinese 0012 GMT 18 Jan 85]

CSO: 4006/311

ECONOMIC PLANNING

BRIEFS

ECONOMIC TARGETS FOR 1985--Governor Chen Guangyi said at the provincial conference on economic planning on 19 January: This year the province should reach the level of 15 billion yuan in total industrial and agricultural output value. This should include agricultural output value of 4.18 billion yuan, a rise of 7.2 percent, and industrial output value of 10.82 billion yuan, a rise of 11.3 percent. Governor Chen Guangyi said: In order to reach the 15 billion yuan level this year, it is first necessary to bring about a big change in guiding ideology and shift economic work onto the track of planned commodity economy. We must consciously apply the law of values and learn how to use economic levers. We must regulate supply and demand in light of changes in the markets, and promote competition. We must do a good job in reform of the economic structure with the focus on the urban areas, promote technological transformation with the focus on the existing enterprises, further open up to the world, vigorously promote developmental industries, and speed up the enrichment of the masses and the development of the province's economy. [Excerpts] [Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 19 Jan 85 HK]

CSO: 4006/297

AGGREGATE ECONOMIC DATA

TAIYUAN CITY EXCEEDS SIXTH 5-YEAR PLAN TARGETS

HK190948 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 17 Jan 85

[Text] In 1984 Taiyuan City overfulfilled the main targets of the Sixth 5-Year Plan 1 year ahead of schedule. According to the city statistics bureau, the social output value of Taiyuan City for 1984 was 7.4 billion yuan, overfulfilling by 12.5 percent and 1 year early the final target of the Sixth 5-Year Plan. The total industrial and agricultural output value was 5.9 billion yuan, overfulfilling by 8.9 percent and 1 year early the final target of the Sixth 5-Year Plan. The total income of the people in Taiyuan City reached 2.68 billion yuan, overfulfilling by 3.4 percent and 1 year early the final target of the Sixth 5-Year Plan. The per capita annual income was 1,170 yuan.

In 1984 all fronts in Taiyuan City grasped party rectification to promote reforms and economic development. Administrative organs at the city level streamlined administration and decentralized power, giving more decision-making power to enterprises. All enterprises widely instituted various economic responsibility systems. All counties and districts vigorously implemented CPC Central Committee Document No 1 for 1984, readjusted production structure, and vigorously developed a diversified economy. There was rapid development in the urban and rural collective economy. As a result of implementing policies and taking effective measures, the enthusiasm of the broad masses for socialist labor was fully aroused and skillful people in various trades have emerged. There have now appeared in the city a great number of advanced model enterprises, model laborers, advanced workers, and villages where each person earns 1,000 yuan annually, and individual household earning 10,000 yuan each annually.

In 1984 there was coordinated development in Taiyuan's industrial production, and economic efficiency was greatly raised. The industrial output value of the city reached some 5.42 billion yuan, an increase of 9.5 percent over 1983. The output value of light industry was 1.57 billion yuan, an increase of 11.5 percent over 1983. The output value of heavy industry was 3.85 billion yuan, an increase of 8.7 percent over 1983. Of the 50 major industrial products, the province overfulfilled the final targets of the Sixth 5-Year Plan in pig iron, steel, aluminum, television sets, cakes, paint, tires, metallurgical equipment, gypsum, paper-making fiber,

and garments. The annual labor productivity of a full time worker in industrial enterprises which carry out independent business accounting amounted to 13,200 yuan, overfulfilling by 12.6 percent and 1 year early the final target of the plan. The total profit and taxes of the industrial enterprises covered by the state budget increased by 16.8 percent, and the profits submitted to the state increased by 16.3 percent, all higher than the rate of increase of the output value.

In 1984 the Taiyuan's railway and highway freight volume increased by 8.4 percent and 16.9 percent respectively over 1983. In its highway freight volume, the city overfulfilled by 13.3 percent and 1 year early the final target of the Sixth 5-Year Plan. In the freight turnover of its highway transport, the city overfulfilled by 22 percent and 1 year early the final target of the Sixth 5-Year Plan.

Along with the development of industrial and agricultural production, urban and rural markets have become more and more prosperous and brisk, and the city's financial income has increased continuously. The city's total retail volume of social goods for 1984 was 1.47 billion yuan, an increase of 19.6 percent over 1983, closing on the final target of the Sixth 5-Year Plan. The city's revenues amounted to some 597 million yuan, overfulfilling by 12.3 percent and 1 year early the final target of the Sixth 5-Year Plan.

In 1984 the total agricultural output value on the outskirts of Taiyuan was over 500 million yuan, exceeding the [words indistinct] target of the Sixth 5-Year Plan and representing an increase of 14.85 percent over 1983, overfulfilling by 17.5 percent and 1 year early the final target of the plan. The per capita income of peasants amounted to some 430 yuan, overfulfilling by 24.6 percent and 1 year early the final target of the plan. Despite a serious drought last year, the total output of autumn grain declined by only 14.2 percent over 1983, and the total grain output was still well over 600 million jin. The total output of oil crops was 41.43 million jin, much higher than the final target of 23 million jin in the Sixth 5-Year Plan. The total vegetable output was 880 million jin, much higher than the final target in the plan.

In 1984 the total investment volume in Taiyuan's capital construction, excluding that in military industrial and railway enterprises, amounted to 820 million yuan, an increase of 45.2 percent over 1983. The accumulated investment volume from 1981 to 1984 amounted to some 2.45 billion yuan, equivalent to 85 percent of the accumulated investment volume in the Sixth 5-Year Plan.

In 1984 the (Qiqu) mine and the coking plant under the Taiyuan Coal Vaporizing Company, both key state projects, were built and put into operation, and will play a very important role in promoting future economic takeoff of Taiyuan.

ECONOMIC MANAGEMENT

WANG SHOUDAO ON TOWNSHIP ENTERPRISES IN JIANGSU

HK220253 Beijing NONGMIN RIBAO in Chinese 9 Jan 85 pp 1, 2

[Article by Wang Shoudao [3769 7445 6670]: "A Key Link in Building Socialism with Chinese Characteristics--The Great Significance of Developing Township Enterprises as Viewed from Jiangsu's Experiences"--passages within slantlines published in boldface]

[Text] Abstract: After visiting some township enterprises in Zhenjiang City and studying the experiences of some other cities, counties, and townships in Jiangsu Province, the author holds that developing township enterprises is indeed an important link in building socialism with Chinese characteristics. Its great significance lies in the following five aspects: 1) It is the only road we must follow to promote the readjustment of the rural industrial structure and to thoroughly change the backward outlook of the economy; 2) it is an indispensable aspect in realizing the four modernizations program; 3) it serves as an important link in solving China's various social problems; 4) it serves as a reliable guarantee for the consolidation of the socialist collective economy in the rural areas; and 5) it is an ideal way to eliminate the "major distinctions." [End abstract]

Taking advantage of the opportunity to attend a symposium on anti-Japanese base areas held in Zhenjiang, I recently visited a number of township enterprises and listened to briefings on the experiences of Jiangsu Province and some cities, counties, townships and towns running township enterprises. I was greatly inspired. Since the 3d Plenary Session of the 11th CPC Central Committee, township enterprises in Jiangsu Province have entered a new period of vigorous development. Total output value of township enterprises throughout the province reached 16.2 billion yuan in 1983, accounting for 28 percent of the province's total industrial output value, and it is expected to exceed 20 billion yuan last year, an increase of some 30 percent over the previous year. In some areas where township enterprises have developed rapidly, the industrial output value has surpassed the agricultural output value and even accounted for over 20-80 percent of the total industrial and agricultural output value. From these advanced areas and units we can clearly see that developing township enterprises is indeed an important link in building socialism with Chinese characteristics. Its great significance is as follows:

/1. Developing township enterprises is the only way we must follow to promote the readjustment of the rural industrial structure and to thoroughly change the backward outlook of the economy./ In order to thoroughly change the outlook of the rural areas, it is necessary to readjust the industrial structure. According to the experiences gained in Jiangsu, only by first vigorously developing township enterprises is it possible to make this readjustment. For example, under the guidance of the spirit of the 3d Plenary Session of the 11th CPC Central Committee, Yangzhong County, breaking away from the conventions of the closed small peasant economy and fully utilizing the economic radiations of big and medium-sized cities, boldly raised the slogan of "concentrating on developing industry." By vigorously developing township enterprises the county has succeeded in greatly changing its industrial structure. The ratio between its industrial and its agricultural output value has changed from 5:5 in 1978 to 8:2. It has become a well-known rich county. The development of township enterprises has also promoted the rational readjustment of the agricultural structure itself. For example, following the rapid development of its silk industry, Danyang County has succeeded in selling its high-grade products, such as "Baichang Silk" and "Xinhua Silk," at home and abroad and thus promoted the further development of the silkworm industry. Last year its silkworm output value accounted for 30 percent of the county's total value of agricultural and sideline products. At the same time, the development of township enterprises has not only increased the income of the rural areas but also supported the modernization program of towns and townships. In the 5 years since the 3d Plenary Session of the 11th CPC Central Committee, the township enterprises throughout the province have spent 1.5 billion yuan on the construction of cultural, educational, social welfare, and other public facilities, thus greatly stimulating a change in the outlook of the rural areas.

/2. Developing township enterprises is an indispensable aspect in realizing the four modernizations program./ Situated as they are in the neighborhood of the peasant masses, the township enterprises can be run flexibly and can yield notable results. They can easily absorb and collect the manpower and the material and financial resources of the rural areas and use them in developing modern production. For example, after Xiashu township in Jurong County decided to encourage the peasants to raise funds for the setting up of enterprises, an "investment fever" immediately emerged throughout the township. The glass product plant in that township originally planned to recruit 100 workers who invested in the plant, but more than 340 people applied. As a result, the plant had to apply the method of stiff examination to select and recruit the superior ones. Compared with 1978, the township enterprises in Zhenjiang City increased by 117.8 percent in 1983, an average progressive increase of 16.9 percent annually, and the output value of township enterprises accounted for 38.5 percent of the city's total industrial output value. We can thus see the important role of township enterprises in developing modern industries. At the same time, township enterprises are also a necessary complement to the state-run socialist economy and a necessary means to regulating state planning. At present Jiangsu's township enterprises have covered almost all trades and professions, from construction, building materials, machinery and chemicals to food, textiles, electronics and instruments, as well as various forms of transport, communications and services trade. They have turned out commodities in

short supply for the local people as well as some highly-sophisticated products, thus filling some gaps in the localities and state. For this reason, it is necessary to regard township enterprises as an important aspect in realizing the four modernizations and to properly bring their positive role into play.

/3. Developing township enterprises is an important link in solving China's various social problems./ China has a population of 1 billion. Solving the most elementary food problems of these people alone has always been a heavy burden of successive old Chinese Governments in the past century or so. Moreover, these people need to wear clothes, live in houses, go to school, find employment, and have the necessary medical care and cultural entertainment. Since 80 percent of the 1 billion people live in the rural areas, the key to the solution of China's various social problems lies in the solution of the rural problems. However, the solution of these problems cannot depend on traditional agriculture and sideline occupations alone. It is difficult to solve the employment problem of a large number of surplus laborers following the implementation of the production responsibility system. With the improvement of their living standards, the peasants need a lot of modern services facilities and high-grade consumer goods. Where are all these to come from? It is likewise difficult to rely entirely on the state to supply them. Only by developing township enterprises is it possible to blaze a new trail for the genuine and complete solution of these problems. For example, Jiebai township in Danyang County has 17,000 people. Of the 8,000 laborers in the township, 7,300 people have become workers or staff members in township enterprises. All laborers under 30 in the township have been recruited into the enterprises and those between 31-35 years of age are expected to be recruited this year. Some 95 percent of the peasant households in the township have moved from their thatched cottages with wattled fences into new tiled houses, 20 percent of which are buildings of two or more stories. Other localities which run their township enterprises successfully have also extensively solved the problems of finding employment for the youths and building houses for the peasants. A few towns and townships have also given priority to help old bachelors and spinsters solve their marriage problems properly. Many towns and townships have set up clinics, cinemas, cultural centers, and so on, and some have even run spare-time workers' universities or TV university classes. Shazhou County has even run China's first county-run university to train special technicians for township enterprises. Following the rapid development of the industry, over-concentration of population in big cities has become a common problem in the world. Under China's conditions, this problem can also be properly prevented or made less acute.

/4. Developing township enterprises serves as a reliable guarantee for the consolidation of the socialist collective economy in the rural areas./ In order to build socialism in a country where the small peasant economy occupies a dominant position, it is necessary to guide individual peasants onto the road of socialist collectivization. However, under the influence of "leftism," it was impossible to consolidate the foundation of the collective economy by relying on such methods as "making a poor transition," "doing things in a massive and unplanned way," and carrying out the practice of "everybody eating from the same big pot." It is only after we develop township enterprises under the leadership of the party and the people's government and after the industry

under collective ownership with modern production as its basis becomes the main body of the rural economy that the socialist collective economy can be firmly secured. In many advanced towns, townships, villages, or production teams in Jiangsu Province, the output value of the collective industry has accounted for more than 80 percent of the total industrial and agricultural output value and the per capita income has reached 400-500 yuan, 60-70 percent of which derives from the salaries and retained profits of the collective enterprises. Such a collective economy is naturally quite consolidated. Modern production calls for extensive cooperation by the collective, which cannot be decentralized at will. The peasants rely on such a collective economy to bring into full play their wisdom and creativeness and to greatly increase their income. At the same time, the development of township enterprises can also provide the modernization of agriculture with funds and technical help and makes it possible for the cultivated land to be gradually concentrated into the hands of, and contracted by, a small number of production experts, thus facilitating the realization of mechanized mass production. Under these circumstances, it will be easier to reflect the possible separation of ownership from the rights of utilization because contracting for the collective land or running enterprises are divisions of labor within the collective economy and, obviously, the ownership does not belong to the users. The mass participation of peasants in modern enterprises also helps them emancipate their minds, broaden their vision, and constantly raise the level of their socialist and collective consciousness.

/5. Developing township enterprises is an ideal way to the elimination of the three "major distinctions." Gradually eliminating the three "major distinctions" is an inexorable trend of social development. However, due to the "leftist" interference over the years, we adopted inappropriate measures and were, in fact, unable to reduce these distinctions. Consequently, the rural youths were not content with their work in the rural areas, holding that only by becoming workers in cities was it possible for them to have a bright future. But in some localities in Jiangsu Province where the township enterprises have rapidly developed, a gratifying situation characterized by a large number of peasants "giving up farm work but not leaving the rural areas" and "working in factories but not living in cities" has begun to emerge. The modernization programs of many towns and townships have begun to take shape and the income of township enterprise's workers and staff members has even exceeded that of the workers and staff members in cities. They have the same facilities as the urban dwellers in some ways and even fare better than the dwellers of many cities in many ways, such as natural environment, living conditions, and nourishment. This provides an ideal way for the gradual elimination of the distinctions between town and country, industry and agriculture, and physical and manual labor.

Beijing of great significance, it is imperative to develop township enterprises. However, will this work in other localities, where the conditions are different from Jiangsu? Which of the experiences gained in Jiangsu are most important? How should other localities learn from these experiences? These are problems which we will possibly face in the course of popularizing Jiangsu's experiences.

First, it should be admitted that, situated as it is in the vicinity of Shanghai, China's biggest industrial city, Jiangsu, particularly southern Jiangsu, has a strong technical force which is incomparable to that of many other regions. However, this condition has only provided us with the possibility development. If we are not good at using this condition, it will not automatically become a reality. In this respect, the comrades in Nanjing City have gained a fairly profound understanding. They said: Nanjing is Jiangsu's biggest city, where industry is concentrated to a very large extent. But the township enterprises in its suburban districts and counties have developed much less rapidly than those in the surrounding areas of Suzhou, Wuxi and other medium-sized all small cities. Aside from some important objective factors, this also has much to do with subjective factors, such as failure to attach sufficient importance to the development of township enterprises and to adopt effective measures. When the township enterprises in Guangdong's Zhujiang delta, which corresponds to the Changjiang delta, developed rapidly, there were people who held that this was due to their being situated in the native place of Overseas Chinese, and principally to the funds and technology from abroad, which is incomparable to other regions. However, by relying on independently raised funds and the technical forces in the country Jiangsu has likewise attained notable results. Therefore, we should not see only other people's favorable conditions but fail to see that they have made great efforts to carry out reforms and explorations in order to use and bring into play these favorable conditions.

Second, the specific experiences gained by Jiangsu in developing township enterprises are indeed fairly rich and are worth studying and copying by various localities. But the most fundamental experience is still the one repeatedly stressed by the comrades in Jiangsu, that is, it is necessary to emancipate the mind, to be bold in blazing new trails, to change the closed self-service economy into open enterprises geared to the needs of the market. This makes it necessary to be good at management, to adapt ourselves to market law, to identify talents, to attach importance to technology, and to pay attention to commodity information. The township enterprises have developed rapidly not by relying on ready investments, equipment, and technical forces but by doing things simply and thriftily and conducting good management. For example, in the early period of its establishment in 1980, the Gaochun Sofa plant only had two small houses and eight workers, with an annual output value of less than 50,000 yuan. Thanks to its quick access to market information, readily marketable products, and satisfactory economic results, it has rapidly developed into a modern enterprise with a staff of 150 people, a factory building covering more than 2,500 square meters of floor space, and an output value of more than 3 million yuan. This township-run small factory succeeds in selling its products to more than 30 cities. Naturally, the central issue is to be good at identifying and putting competent technical personnel in important positions. But the township enterprises should not wait for the competent persons assigned by the higher level but should try every possible means to solve this issue. These competent persons may come from various sources. Some are local "able persons" who are good at business administration, have traditional skills, and are willing to gain professional proficiency; some are old technicians or workers who return to their native places after retirement; and others are technical experts from the neighboring factories, scientific research institutes, or universities who offer their help in their spare time.

Third, in learning from Jiangsu's experiences, we should understand a truth, that is, we should adjust measures to local conditions, bring into full play our strong points, and steer clear of our weakness. In Jiangsu, due to the different development levels and specific conditions of township enterprises, the various localities also adopt correspondingly different measures. For example, Zhenjiang City, which has laid a relatively sound foundation in township enterprises, concentrated on effecting "five transformations" last year. That is to say, it changed the practice of concentrating on extended reproduction by extension, such as speeding up capital construction, setting up new enterprises, developing new items, and paying close attention to quantity, to one of concentrating on expanded reproduction by intension, such as tapping the potential of the existing enterprises, carrying out technological innovation and transformation, saving on energy, improving quality, attaining better economic results, and increasing the variety of colors and designs. In light of its previous failure to bring into full play and to utilize the favorable conditions of big industrial enterprises, scientific research units, and institutes of higher learning, Nanjing, which is relatively poor in developing township enterprises, has concentrated on encouraging these big units to adopt various methods to help the development of township enterprises. For example, by setting up a branch factory in Jiangning, the Changjiang machinery plant will be able to increase the output of its famous quality products, "Bat" brand electric fans, by 100,000 sets. Thus, it has not only supported the development of a township enterprise but also made use of the factory buildings, funds and labor force of a township to expand its production capability. On the other hand, some economically less developed localities in northern Jiangsu have chiefly followed the path of "farming, breeding and processing." For example, by taking the development of the fodder processing industry as a point of breakthrough, Haiyan County is engaged in the repeated use of and processing of agricultural resources to increase the value of its products.

CSO: 4006/297

ECONOMIC MANAGEMENT

SICHUAN PREFECTURE'S ADVISORY GROUP DIRECTS ECONOMIC WORK

HK171334 Changdu Sichuan Provincial Service in Mandarin 2300 GMT 16 Jan 85

[Text] Centered on the central task of economic work out forward by the prefectural CPC committee and Commissioner's Office, the Neijiang Prefectural Economic Advisory Group has vigorously acted as a good general staff officer for the new groups of the prefectural CPC committee and Commissioner's Office. It has directed economic work in the basic levels and has played an active part in speeding up the development of economic construction in Neijiang Prefecture.

The members of this economic advisory group are basically elderly comrades who have stepped down to the second and third lines. They have worked in Neijiang for many years. Since the economic advisory group was established in April last year, it has taken an active part in formulating a long-term plan for economic development and has studied the strategic problems concerning economic development in Neijiang Prefecture. In light of the situation in closing Neijiang Prefecture to outside intercourse for a long time and in not invigorating the economy, it suggested to the prefectural CPC committee and Commissioner's Office that the prefecture should widen its field of vision and should learn from the experiences of advanced prefectures in developing the economy. The prefectural CPC committee and the Commissioner's Office held that this view was very good. In mid-May they organized the secretaries of all county CPC committees and leaders of all departments, committees, and bureaus and sent them to conduct investigation outside the province so that they all found everything fresh and new and were greatly inspired.

The prefectural CPC committee and Commissioner's Office used for reference the experiences of other provinces in developing the economy and, in conjunction with the specific situation of Neijiang Prefecture, formulated a series of measures very quickly for speeding up the development of the Neijiang's economy. At the same time, the Economic Advisory Group also sent people respectively to Jiangsu, Zhejiang, and northeast and north China to conduct investigations. They came to understand that a large amount of pork and white spirits made in Neijiang were in demand in these places and were

marketable there. After their return, they immediately conducted investigations on six special subjects--pigs, spirits, cane sugar, tangerines, oil-bearing crops, and township and town enterprises--to get a clear picture of the situation and to find out problems. They then gave suggestions to the prefectural CPC committee and Commissioner's Office that measures should be taken and advantages should be brought into play.

While acting as a good general staff officer for the prefectural CPC committee and Commissioner's Office, the Neijiang Prefectural Economic Advisory Group has also vigorously directed work in the basic levels and has helped them to invigorate the economy.

CSO: 4006/295

ECONOMIC MANAGEMENT

SHANGHAI STUDIES TRANSFORMATION, REINVIGORATION

OW180217 Beijing XINHUA Domestic Service in Chinese 1155 GMT 16 Jan 85

[By reporter He Zijia]

[Text] Shanghai, 16 Jan (XINHUA)--The Shanghai Municipal CPC Committee has decided to organize 240 cadres, theorists, scientists, and technicians to immediately start fairly comprehensive, systematic, and thorough study and investigation on six major subjects pertaining to the transformation and reinvigoration of Shanghai in order to provide a basis for the Shanghai Municipal CPC Committee and municipal government to decide how to change the appearance of Shanghai.

The Party Central Committee and the State Council are very concerned about the building of Shanghai and have given important instructions on many occasions on the question of Shanghai's transformation and reinvigoration. Comrade Hu Yaobang pointed out as early as August 1983 when he came to Shanghai for inspection that Shanghai should become the trailblazer for the whole country in the four modernizations drive. Comrades Zhao Ziyang and Yao Yilin, when they came to inspect the work in Shanghai in early December last year, studied Shanghai's economic development together with the municipality's leading comrades with regard to the questions of strategic thinking, special policies, and flexible measures for development. The investigation now being organized by the Shanghai Municipal CPC Committee is precisely for the purpose of implementing the suggestions made by the leading comrades of the party Central Committee and the State Council to see how to make still bigger and more practical strides in carrying out the reform and opening up to the outside world and speed up the transformation of Shanghai's look. Moreover, this also represents a major step taken by the municipal party committee to improve its methods of leadership and work style.

The subjects for study and investigation are: 1) the question of the transformation of traditional industries; 2) the question of increasing the proportion of the newly emerging industries; 3) the question of how to vigorously develop tertiary industry; 4) the question on promoting projects for the construction of basic facilities; 5) the question on changing the economic structure of agriculture in the suburban areas and implementing trade, industrial, and agricultural policies; and 6) the question of developing intellectual resources and training competent people.

The Shanghai Municipal CPC Committee wants a separate report written on each of these subjects after the investigation is done. The reports should present an analysis of the existing state of affairs, point out problems, and make suggestions on the targets to strive for during a certain period of time in the future, the next 3-5 years in particular, and the relevant policies and measures to be adopted.

CSO: 4006/295

ECONOMIC MANAGEMENT

SPEECHES AT ECONOMIC MANAGEMENT SYMPOSIUM

HK150641 Beijing JINGJI RIBAO in Chinese 22 Dec 84 p 3

["Correctly Bring Into Play the Role of Government Organs in Economic Management"--Selected Speeches from the Symposium on Government Organs' Role in Economic Management Sponsored by JINGJI RIBAO Editorial Department]

[Text] "The Government Must Provide Macroeconomic Management"--by Wang Shuming [3769 2579 2494]

For a long period of time, our government organs have been concerned with the management of affairs more from a micro than a macro point of view. Moreover, they are concerned with only a part of the business in a given field of management. For example, there are 22 industrial departments charged with government functions in industrial management, but 90 percent of the actual work of these departments involves the management of enterprises directly under them. They are relatively short on the art of managing a given field. Departments in charge of things as a whole, such as planning committees, economic committees, and financial committees, are also more concerned with work of a routine nature than with matters in macro terms. Units at lower levels that want to import a motor car must also obtain approval from the economic committee. This is actually the business of a factory manager (or at most the director of a department or bureau). An enterprise has no power. Anything that it wants to do must be referred to a government department. The result is that the more control there is the greater the contradictions are.

To change this state of affairs, we must establish a new management system. The new management system must call for the following: 1) The development of the commodity economy and the enlivening of enterprises in line with the principle of planned economy. 2) Separation of powers involving ownership, operation, and management. 3) Differentiation between different conditions, with the adoption of administrative, economic, and legal means instead of just resorting to administrative means. 4) A clear distinction between different decisionmaking levels, with decision left to those that should make them and things taken care of by those that are in charge of them and with the responsibility system clearly defined. Therefore, state organs must change and must organize and guide economic construction in line with the spirit of the "resolution"--taking charge of major matters, loosening the grip on small things, and properly handling things in providing information and advice.

The reform of the economic management departments can begin with the following: 1) Separation of government administration and enterprise management, and simplification of administration with the delegation of power. 2) A clear description of functions and the streamlining of organs. 3) The realization of three switchovers in actual work: a) A switchover in government departments from handling things at a micro level to handling things at a macro level; b) A switchover from pre-occupation with routine work to concentration on matters relating to planning and coordination; c) A switchover from the serving government departments and the lower levels serving the higher levels to the practice of the government serving enterprises and serving production. All these also call for the assumption of a number of attitudes on our part in regard to concepts. Only in this way can we give better play to the state's role in economic management. "The Reform of the State Organ Is an Important Part of the Economic Reform"--by Li Zhisheng [2621 2535 4141].

The reform of our economic management system has been in progress for several years, with world-recognized achievements having been scored. Part reforms focused on the enlargement of the decisionmaking power of laborers and enterprises in regard to production and operation, a change in the egalitarian distribution system of sharing equally from the same "big rice pot," and the arousing of the enthusiasm of producers and operators. The decision at the 3d Plenary Session of the 12th CPC Central Committee again called for the following: To meet the demands of national economic construction and social development, it is still necessary to seriously solve the problem of state organs guiding and organizing economic construction better. The raising of this problem indicates a further step having been taken in reforms.

The reform of the economic management system is many-sided. An important part of the reform calls for the reform of state organs. The whole national economy is one big machine with the state organs as the head and the regulator. The proper handling of this reform has a great bearing on the normal operation of such a big machine as the state economy. In the past, one of the main factors responsible for the less than ideal development of our economy had to do with mistakes on the part of the leaders and the organizations departments of our organs in charge. Mistakes were attributable to the following: 1) Lack of management experience on the part of the working personnel of state organs. 2) The irrational layout of state organs themselves, overlapping of offices, overstaffing, the absence of a responsibility system, the practice of passing the buck, and low efficiency. 3) Failure to clearly define the responsibilities of government organs and enterprises and replacement of economic means with administrative means. In reforming organs and correctly giving full play to the role of government organs in economic management, we must overcome these defects and establish a scientific system for management organs.

Our government organs generally fall into two main categories: 1) National defense, public security, judicial, foreign affairs, cultural, sanitation, and other departments not of an economic nature. 2) Those of an economic nature such as industrial, agricultural, financial, and trade departments, and other national economy-related departments that are in charge of things as a whole. Generally speaking, in the past 30-plus years, organs not of an

economic nature have operated on a relatively stable basis. This shows that our experience in this respect is relatively satisfactory. On the other hand, departments of an economic nature have not operated on a stable basis. These departments and organs have witnessed an increase or decrease in their number, integration or separation, and various fluctuations. This shows that our experience in this respect is not satisfactory enough. Management is a science. In reforming state management organs, we must pay attention to science. We must provide proof of feasibility. Generally speaking, there now exist too many state organs in charge of economic matters. There are too many things being taken care of. What should be taken care of has not been properly handled. Therefore, the direction to be followed in reforming state organs calls for simplifying administration and delegating power and taking good care of what should be taken care of.

"The Government's Economic Functions Must Be Geared to Needs in Three Respects"
--by Hu Xiao [5170 3469]

In rationally giving full play to state organs' economic role, we should adapt ourselves to needs in three respects, as far as the installation of organs, the management system, and the pattern of operation are concerned.

First, we must adapt ourselves to the use of economic levers in economic management. In the past, we one-sidedly relied on using administrative means to handle economic matters, replacing enterprise management with government administration and economic management with government administration. Government departments and organs overlapped. Administrative controls were imposed by many departments. Enterprise management was messed up and drained of vitality, with a drop in economic returns. State organ bureaucratism was also given a chance to rear its head. With the development of the reform of the economic system, government departments should uphold the principle of separating government administration from enterprise management and simplifying administration and delegating power, and do things in line with objective economic laws, making full use of various economic levers to organize and develop the economy.

Second, we should adapt to the need of developing the socialist commodity economy. Socialist commodity production demands that enterprises become producers operating on their own and responsible for their own profits and losses, that producers be alert and stay well informed, and that controls be imposed on a macrolevel and supervision strengthened on a microlevel in line with the law of value. All these impose three demands on the layout of state organs and their roles in management: 1) We must relieve them in a big way of their operating role in directly organizing enterprise production. 2) We must strengthen their service role in analyzing current trends, providing information and market outlets, developing new techniques, training skilled personnel, and helping with decisionmaking. 3) We must strengthen their supervisory role in economic legislation, financial auditing, discipline inspection, and so forth. We should, in line with the objective demands imposed by the socialist commodity economy on the superstructure, differentiate circumstances and realign state

organs, in order to rationally give full play to state organs' stimulating and protective role in commodity production.

Third, we should adapt to the demands of the new technological revolution. The new technological revolution not only opens up new technological fields but also requires people to change the backward ways of pondering problems, getting things done by using pull, and doing things solely through relying on experience, out of personal considerations, and with low efficiency. In playing their own economic role, state organs must pay attention to using modern economic and technical means and try to take care of the fast-running economic machine in an effective and highly efficient manner. Therefore, we should adopt the positive guideline of letting the bad yield to the good, reduce organs to bare essentials, select the best workers, and define only the needed rules and regulations, thus assuring state organs of enough vitality in giving full play to their economic role.

"Differences Between Enterprises and Administrative Organs"--by Yan Jiaqi
[0917 1367 0366]

In the "resolution," there is a very important passage: "National and regional companies are joint economic organizations established on the basis of the needs of the development of the national economy and the mutual needs of enterprises. They must be enterprises and not administrative organs. They cannot stick to the methods of the past and must learn modern methods of scientific management." Here, it is clearly pointed out that companies must be enterprises. Now many of our existing companies are not actually enterprises. They are only administrative organs hanging out the signboard of a company. One of the causes of such a situation is that many of our comrades do not understand the differences between enterprises and administrative organs. These differences chiefly find expression in five respects:

1. The number of enterprises is in principle not restricted. So long as they are legal, there is no limit to their number. On the other hand, the number of administrative organs should be strictly controlled. Some administrative organs must be limited to only one. For example, there can be only one city government for one city.
2. The scope of operation for an enterprise in principle can change with market conditions. Enterprises themselves have the power to subject themselves to transformation and change direction in production or service. Of course, this calls for carrying out given administrative and legal procedures. But administrative organs (including institutions under them) cannot freely change their own work programs. Still less can they freely subject themselves to transformation.
3. In principle, there is no restriction on the internal structure of an enterprise and the establishment of organs. The positions of management cadres can also be installed freely as circumstances require. But the size of administrative organs is fixed and cannot be freely enlarged. Every new post created by the state costs it extra money. The number of posts to be created for a given organ should be scientifically determined and relatively stable.

4. Enterprises are responsible for their own profits and losses, operate with the initiative key in their own hands, and have financial independence. However, the operating funds for administrative departments and institutions come from state financial allocations. They have no financial independence.

5. In enterprises, individuals' material benefits are closely related to individual labor. With the reform being carried out, the links between the two should be even closer. But in administrative departments and institutions, there is no way of linking individual income with the results of labor. The income of the working personnel of these departments is generally higher than that of their counterparts in enterprises, but cannot be freely added to.

Having a clear idea of these five differences is of great significance. The line of distinction between government departments and the institutions under them on the one hand and enterprises on the other cannot be blurred.

"The State's Economic Role Should be Appropriately Readjusted"--by Lu Jian
[4151 0256]

People's interpretations and ideas of how to handle the economy have varied throughout history. In a slave society with the commodity economy still not developed, Plato of ancient Greece in his projections of a "utopia" favored state management of everything. To guarantee a favorable trade balance and the import of silver and gold, the advocates of mercantalism arising from Profits derived from buying cheap and selling dear: in the European period of primitive accumulation of capital actively called for state action to encourage and supervise the production of export commodities and the imposition of protective tariffs. In the latter part of the 18th century, prompted by the idea of a "natural order" existing in human society, the advocates of agriculture promoted the automatic operation of the economy as better than government control. Developing this idea, Adam Smith held that the whole society being guided and regulated by an "invisible hand," the government's economic role should shrink in scope. To speed up the capitalist development of their own country, German advocates of historicism upheld the "idea of state intervention" and vigorously opposed the classicists' laissez-faire. As a representative of these advocates of historicism, (Lister) [li si te] [2621 2448 3676] divided economic development in various countries into the period of becoming civilized at the end of the earliest age, the period of animal-breeding, the period of agriculture, the period of agriculture and industry, and the period of agriculture, industry, and commerce. He held that Germany was then in the period of agriculture and industry. Only through state intervention in the economy could there be the quickest possible transition to the period of agriculture, industry, and commerce. To "Save" capitalism, economists represented by Keynes in the 1930's also stressed the need for the state to use fiscal policy and monetary policy to regulate the social economy and "let state authority and private inspiration work in co-operation." Keynes' followers Hansen and Samuelson developed this idea from Keynes into the "idea of a mixed economy." They held that the capitalist state's economy was at this time no longer a solely and purely private capitalist economy and was instead a public economy with "socialization" existing

at the same time. Simultaneously the state's role in the economy was growing ever greater. The practicing of Keynesian economic policy led to economic "stagflation." The advocates of monetarism represented by Friedman again actively called for the resumption of the tradition of laissez-faire. They believed that economic turmoil in capitalist society was mostly caused by erroneous fiscal and monetary policies of the government aimed at intervening in the market economy. After World War II, the (Fu-lai-bao) [1715 5490 1027] school of thought that formed in the Federal Republic of Germany advocated the establishment of an economic order based on the operation of market economic laws, the government's economic role to be limited to creating for enterprises the best conditions for operation and the most appropriate environment for free competition, such as the formulation of various laws, restricting the practice of cornering the market, protecting competition, supporting medium-sized and small enterprises, protecting consumers' interests, following a stable monetary policy, and so forth. Marx and Engels once explored the pattern of operation of the future communist social economy. But due to the non-existence in the country of the communist society projected by them, there was basically no discussion of the state's economic role.

After a review of history, I think that we can draw these conclusions: 1) The economic role of the state is determined by the national conditions in a given historical period of the country. 2) The state's economic role cannot be fixed and calls for appropriate readjustments in light of socioeconomic developments and changes.

Our country has tens of thousands of enterprises and several hundreds of millions of peasants, vast amount of land, regional economies which are relatively varied and complex, and relatively low levels of productivity and standards of living. This calls for the energetic development of productivity. This dictates the development of the commodity economy in line with objective economic laws and a boost in enterprise vitality. It demands that the government should not intervene directly in the concrete economic life of enterprises and consumers. Instead, the government can only use the economic levers to coordinate economic relations in various respects, regulate economic vitality, and maintain economic order.

In giving play to the government's economic role, we should pay attention to the following points: 1) Government and enterprise functions should be separated, general medium-sized and small enterprises must be vested with the power of operating on their own. The only thing the government should do is to supply them with long-term guiding plans. Those large enterprises bearing on national planning and the people's livelihood can carry out enterprise operations of a governmental nature and follow mandatory plans, to different degrees, depending on concrete conditions. 2) The government must comprehensively use economic, legal, and administrative means for the sake of macro regulation and control. 3) In realigning government organs, we must on the basis of separate government and enterprise functions subject certain departments to necessary integration, the process of branching out, and expansion. We must strengthen investigation and study and provide advice in economic and technical fields, offer economic and technical services, carry out priority economic investment and development projects, organize and stimulate

economic and technical exchanges with foreign countries, formulate and approve relevant economic laws and decrees, and so on and so forth. To this end, we must train government workers in a planned manner and assign them to government departments carrying out the above economic functions.

"We Must Study Steps and Ways in Reforming Organs"--by Xu Jingan [1776 2529 1344]

In effecting reforms in state management organs, it is not enough to just pay lip service to theory. We must solve the problem about concrete steps and ways. In my opinion, we must pay attention to the following three Chinese words:

Delegation--The main thing is that we must delegate power and reform the planning system. We must narrow the scope of mandatory plans. The core of this problem is the delegation of power. I think that only the State Planning Commission should have the power to hand down mandatory plans. Provinces and municipalities should not have such power. In the past mandatory plans were handed down at every level, so that plans became uncoordinated. This accounted for blind development. For a textile mill of a certain city, the state order was to reduce the production of polyester fiber. Yet a local plan called for enlarged production. The enterprise concerned was at a loss as to what to do. I think that governments at all levels should delegate power to enterprises and should not impose that many mandatory plans. While narrowing the scope of mandatory plans, we can consider opening up the commodities market, so that enterprises can shop for what they want to buy. This will do away with the situation in which we must solely rely upon state quotas in obtaining commodities.

Reduction--In getting a thing done, at present we must go through too many levels and complicated formalities. Government management organs at various levels are excessive and overstaffed and operate with low efficiency, causing a waste of manpower and material resources. Some things can be handled very easily. But approval must first be obtained from a number of departments. All the departments concerned must say yes before a thing can get done. To have efficiency in doing things, the most important thing is to simplify administration.

Integration--On the basis of "delegation" and "reduction," we have to cope with the problem of organ integration. The integration of those organs with similar or almost the same functions helps the matter of management. We must integrate and streamline organs in charge of enterprises. At the same time, we must strengthen organs having to do with planning, information, and the service trade.

The reform of management organs calls for joint efforts on the part of the whole body of cadres. Our cadres are facing a large problem of changing the mix of their knowledge. We must now have at our fingertips that which was new to us in the past. In reform, the masses of our cadres should actively usher in this historical change and stimulate its realization.

"The Government's Role and the Environment for the Operation of the Economy"--
by Wu Jiaxiang [0702 4471 4382]

On the matter giving play to the government's role in economic management, I think that first, the development of the government's role in economic management can in no way take the place of the operation of the economy. Second, the development of the government's economic role cannot be just a matter of exercising control macroeconomically. The real aim of the government's action should be to provide a favorable environment for the operation of the economy--an environment having to do with politics, economic measures, law, government policies and decisions, and so forth. Governments at all levels of the country must provide a given environment for the operation of the country's economy. Generally speaking, the exercise of state power can have three kinds of results: 1) Following the same direction; 2) Running in the opposite direction; 3) Interfering with the development of the economy in a given direction and forcing it to follow another direction. In the first case, the government has provided a favorable environment for the operation of the economy. In the second and the third cases, it has created an unfavorable environment for the operation of the economy, causing great damage to economic development.

In our socialist country, the government must avoid creating an environment unfavorable to the operation of the economy. The most important thing is that it must maintain uniformity with various economic entities in regard to economic goals and ways of realizing such goals. Such uniformity between the government and enterprises is not a simple matter of one side following the other side's goals. Instead, it is a matter of mutual adaptation and continuous readjustment of respective goals with a view to uniformity. In the past, enterprises had to follow government goals and social goals were imposed upon enterprises, causing the evil consequence of economic development being impaired. It was not realized that the government must also follow and serve enterprise goals, to a certain degree. The means adopted by the government to regulate the economy must be those that enterprises are glad to accept. Otherwise, no matter how good a given goal is, it can also be a matter of doing bad things with good intentions.

Government control of the main aspects of the economy is not a matter of controlling the economy. It is instead a matter of bringing out the internal drive in enterprises and stimulating economic growth. To this end, the government must provide varied environmental conditions for the operation of the economy. First, it must provide an environment for survival. Concerning those economic entities unable to face competition, the government should adopt various measures to protect them. For those enterprises that must close down, the government should offer help to redirect smoothly their funds and manpower to other businesses. The government must support new industries and give them necessary subsidies and preferential treatment, so that they can avoid being mercilessly hit by domestic and foreign competitors. Second, the government must create an appropriate environment for competition among a number of enterprises. It must not only guard against monopolies interfering with the development of medium-sized and small enterprises but also

prevent likely harm to both sides through competition. Furthermore, it must provide an environment for the development of all enterprises, encourage domestic enterprises to enter the international market and encourage enterprises to expand reproduction, adopt new techniques, and switch over to new industries.

CSO: 4006/295

ECONOMIC MANAGEMENT

TWO BODIES ASK MEMBERS TO ASSIST ECONOMIC REFORM

HK110909 Beijing ZHONGGUO XINWEN SHE in Chinese 0746 GMT 9 Jan 85

[Text] Beijing, 9 Jan (ZHONGGUO XINWEN SHE)--The Second Session of the Fourth Central Committee of the China Democratic National Construction Association and the Second Session of the Fifth Executive Committee of the All-China Federation of Industry and Commerce today called on their members to take an active part in the current reform of the economic structure by displaying their abilities and strong points.

Many principal members of the two organizations were experienced businessmen and industrialists in the past. They have good connections with the industrial and commercial sectors at home and abroad and can work as important intermediaries for promoting domestic and foreign trade.

Meetings of the two organizations called on their branches at various levels and their members, particularly the branches and their members in the coastal open cities and special economic zones, to make closer their ties with people of the industrial and commercial sectors in Hong Kong, Macao and various countries. They can make friends with people of different sectors and act as go-betweens to introduce foreign funds, talented people, advanced technology and equipment, and progressive managerial methods, to strengthen the work and ties of branches of the two organizations in the coastal, interior, and border areas of our country, and to promote economic and technological cooperation of the aforementioned areas.

Meeting of the two organizations also called on their members, by centering on the work of reinvigorating enterprises, a key link in the current economic restructuring, to carry out in-depth economic consultancy activities, to train more personnel for industrial and commercial work, to make market investigations and analyze the market situation, to provide economic information, and to act as good advisers and assistants to local governments so as to offer advice and put in more effort for the current reform.

The meetings adopted resolutions on support for the Sino-British joint declaration on the Hong Kong issue and called on their branches at different levels and on their members to strengthen ties with members of the industrial, commercial, and economic sectors in Hong Kong so as to do their part in maintaining the stability and prosperity of Hong Kong and promoting economic exchanges between China's mainland and Hong Kong.

CSO: 4006/295

ECONOMIC MANAGEMENT

HUNAN FORMULATES REGULATIONS TO REJUVENATE ENTERPRISES

HK220638 Changsha Hunan Provincial Service in Mandarin 1100 GMT 21 Jan 85

[Text] In order to rejuvenate enterprises, the provincial people's government has recently formulated 60 new regulations on relaxing policies toward them.

On rejuvenating large and medium-scale enterprises, the provincial government has stipulated that the organizational setup of enterprises should be independent, and the higher authorities are not allowed to interfere. The administrative staff of enterprises should be streamlined whenever possible; whereas the surplus manpower may also engage in business operations other than its original one and may set up other economic entities. The government also encourages the enterprises to overfulfill production quotas. The enterprises can retain 80 percent of the capital for setting up the business. If the establishment funds of a technical transformation project are less than 30 percent of the total investment sum, the enterprise will be exempted from the establishment tax.

On taking a relaxed attitude toward small enterprises, the provincial government has stipulated that any state-run small industrial or commercial enterprise that has changed its form of ownership should follow the policy toward and the methods of operation and distribution of collective enterprises. Except for the delivery of income tax, the enterprise will not be levied on charges for making contracts and can retain the whole sum of capital for development. District, neighborhood, town and township small enterprises can be operated by individuals on contract or on a hire basis.

No matter whether large, medium-scale or small one, the enterprises must popularize the factory head or manager responsibility system and follow the system of term of office. The enterprises should nominate candidates through democratic ways when selecting factory heads or managers, and establish a production command system which will be headed by the factory heads or managers, who are responsible for the enterprises in an all-round way.

Encouraging the enterprises to reduce production costs and to develop new products, the provincial government has stipulated that bonuses will be presented to the outstanding industrial enterprises for reducing

production costs; while commercial ones will also receive same treatment for economical operations. The amount of bonuses will be equivalent to 5 to 10 percent of the reduced portion, and the bonuses are in addition to the total bonus amount. When requiring loans as fixed assets for producing large scale top-quality civilian goods which are awarded the gold or silver prize, the enterprises will receive 20 to 50 percent of interest subsidies from the economic committee and planning committee at the appropriate level, as well as the departments concerned. For producing on large scale top-quality civilian goods that are praised by the ministry or the provincial authorities, the enterprises will receive 10 to 20 percent of interest subsidies from them.

On encouraging the enterprises to develop alliances, the provincial government advocates focusing on major products and establishing economic combines. Products and component parts that are supplied to each other between enterprises and their subordinate ones for making complete sets of products will not be taxed in a duplicated way. The government also encourages enterprises which have sufficient funds to invest in those that earn small profits through joint operation. The profits that come from such investment will be exempted from income tax for 2 or 3 years. The small mines and factories in remote areas can be leased and operated by peasants and workers.

On opening to the outside, the provincial government has stipulated that any investment, joint venture, or business that is jointly established with foreign businessmen from overseas, Hong Kong, Macao or other provinces will be exempted from income tax for 2 years, and then will get a reduction of 50 percent in income tax beginning from the third year.

On foreign trade, the province will introduce the system of establishing agents for imports and exports. Upon approval, large enterprises may raise funds and develop foreign trading activities.

On invigorating transportation, the province will encourage all areas to pool their efforts for such undertakings.

On rejuvenating science, technology and other undertakings, the scientific research personnel, technicians and teachers may take part-time jobs to serve the public if they can, provided that they have fulfilled their work strictly in accordance with the post responsibility system and have fulfilled their own jobs. They are allowed to receive all the income earned.

On implementing the principle of distribution according to work, it has been stipulated that no bonus tax will be levied on enterprises which have made great contributions to the state, and whose total bonus amount is less than the total of 4 months' wages.

CSO: 4006/311

ECONOMIC MANAGEMENT

HUBEI ESTABLISHES INFORMATION FEEDBACK SYSTEM

HK210857 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Jan 85

[Text] The provincial people's government has recently decided to establish an information feedback system among departments, and to treat the collection and transmission of economic information as the focus of office's work, so as to improve administration and work efficiency. For this reason, the office of the provincial people's government has convened meetings for various provincial governmental departments, and for general-secretaries and office heads at prefectural, city, and autonomous prefectural levels. At the meetings, the office of provincial government announced the situation of making preparation work for the office's economic gazette, (ZHENGFU KUAIBAO) [Governmental Express]. The meetings also discussed and studied the issue of establishing an information feedback system among the provincial government departments.

The meeting decided that the information feedback system of the provincial government would include three networks: First, 16 prefectures, cities, and autonomous prefectures as well as 30 representative counties will form a vertical network. Second, 64 departments under the provincial government will form a horizontal one. Third, the province's offices in other provinces, as well as units concerned of the central authorities established in the province will form a proliferated network. The offices of these units will be the information spots, which will be headed by the office heads.

The meeting urged departments in various localities to arrange work around the tasks of the government, and to promptly and accurately transmit to the office of the provincial government information on breakthroughs and which concerns the overall situation and future development. The office of the provincial government will in turn edit and publish the (ZHENGFU KUAIBAO) for reference by government and department leadership at various levels. Therefore, we can promptly reflect the situation at the grass roots level, while promptly making known to the lower levels the decisions of the upper level.

CSO: 4006/311

ECONOMIC MANAGEMENT

SHANDONG CALLS FOR ENTERPRISE CONSOLIDATION BY 1985

SK240605 Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Jan 85

[Text] The provincial leading group for enterprise consolidation has demanded that all enterprises in the province should complete their enterprise consolidation task this year. To give clear directions and goals for enterprise consolidation, the provincial leading group for enterprise consolidation has raised the following demands:

1. We should correctly handle the relations between reform and consolidation, conduct reform and consolidation simultaneously, and promote consolidation with reform.
2. We should continue to grasp the readjustment and construction of leading bodies of enterprises. By the first half of this year, leading bodies of all large and medium-sized key enterprises should be filled with the people who have received higher education. Leading bodies of medium-sized and small enterprises should also conduct readjustment in line with the four requirements for cadres, and promote young and middle-aged cadres with pioneering spirit to leading posts.
3. All enterprises should, proceeding from reality, vigorously promote the modernizations of technology, management, and talented personnel and strengthen the development of intellectual resources.
4. We should effect a relatively big improvement in economic results. The 1985 provincial total industrial output value should increase by more than 8 percent over 1984; the profit, by 13 percent; and the taxes and profits delivered to the state, by 12 percent or higher. All profit making enterprises should strive to effect simultaneous increases in output value, profits and the taxes, and profits handed over to the state. Except for mining enterprises, all other enterprises should eliminate deficits arising from poor management within this year.

CSO: 4006/311

ECONOMIC MANAGEMENT

BRIEFS

COOPERATION AGREEMENT SIGNING--The Ningxia Hui Autonomous Region People's Government and the Shanghai Municipal People's Government recently conducted serious negotiations on the question of further expanding the economic and technical cooperation between the two places in the principle of mutual-support and mutual-benefit and of giving full play to their respective strong points. Yesterday afternoon, an agreement was signed by Deng Xichen, chairman of the planning commission of the Ningxia Hui Autonomous Region; and by Ren Weiming, chairman of the cooperation office of the Shanghai Municipal People's Government, on behalf of their respective governments. Present at the signing ceremony were Hei Boli, chairman of the Ningxia Hui Autonomous Region People's Government; and Shanghai Municipality's party and government leaders Wang Daohan, Ruan Chongwu and Huang Ju. The agreement covers 21 economic cooperation projects in such fields as nonferrous metals, ferroalloy, leather, hardware, knitting goods, wood processing, car maintenance and repair, electroplating and garments. [Excerpts] [Shanghai JIEFANG RIBAO in Chinese 13 Jan 85 p 1 OW]

URBAN ECONOMIC STRUCTURAL REFORM--In 1985, Wuhan will open up science and technology, production materials, and financial markets in order to further invigorate the reforms of urban economic structure in the city, and to promptly make scientific and technical achievements into commodities, so as to make them function as an economic lever and to add vitality for comprehensively improving the city's economic results. The above plan was announced by Wu Guanzheng, mayor of Wuhan City, this morning at a spring festival tea party, which was held by the city government and was attended by experts and scholars. More than 110 Wuhan scientists, professors, and scholars had a cordial conversation with the leading comrades of the city CPC committee, the city government, and the city CPPCC. On the issue of further invigorating the economy of Wuhan in the new year, the participants proposed scores of suggestions and opinions. They also discussed the theoretical issues concerning the opening of the three markets. Comrade Wang Qun, first secretary of the city CPC committee, attended the party and made a speech. [Text] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Jan 85]

CSO: 4006/311

FINANCE AND BANKING

YUNNAN RIBAO ON FINANCIAL, ECONOMIC SITUATION

HK180741 Kunming YUNNAN RIBAO in Chinese 30 Dec 84 p 3

[Report: "Production Increases, the Market Thrives, Financial Revenue Increases, and the Situation Is Heartening"]

[Text] The Provincial Statistics Bureau has published a summarized report on the economic situation of the whole province this year: In 1984 our province has further implemented the policy of enlivening the economy at home and opening to the external world, speeded up the progress of the economic structural reform and given rise to a heartening and vigorous situation in the province's entire economy. It is estimated that the province's gross industrial and agricultural output value will reach 18,012 million yuan (calculated with 1980 as the base year, this is the case throughout), an increase of 13.5 percent over last year. This has been the greatest growth rate that the province has achieved since the 3d Plenary Session of the 11th CPC Central Committee and the province has thus fulfilled the targets set for the final year of the sixth 5-year plan 1 year ahead of schedule. On the basis of the development of production, the urban and rural markets have thrived, the financial revenues have increased sharply, and the people's livelihoods have continued to improve.

This Year, Our Province Increased its Gross Agricultural Output Value by 13.2 Percent and Raised the Percentage of the Output Value of Diversified Undertakings in its Gross Agricultural Output Value--the Rural Economy Has Entered a New Period of Reform of the Structure of the Rural Economic Sector

This year, our province's gross agricultural output is expected to reach 7,862 million yuan, 914 million yuan or 13.2 percent more than that in 1983. The percentage of the output value of diversified undertakings in the gross agricultural output value will rise from 57.9 percent in 1983 to 60.2 percent this year. The output of grain will exceed 20 billion jin and total about 20.4 billion jin, a further increase of 1.3 billion jin over 1983. The output of tobacco will be 550 million jin, an increase of 260 million jin or 90.4 percent. That of sugar cane will be 7,593 million jin, an increase by 511 million jin or 7.2 percent. That of tea will be 55 million jin, an increase of 3.57 million jin or 6.9 percent. In addition, the output of pork, beef, and mutton will be 512,000 metric

tons, an increase of 5.1 percent over 1983. The number of big animals on hand, including pigs and sheep, will also rise considerably. The area of land on which we planted trees this year will for the first time exceed 10 million mu (including the area of land on which we grew fruit trees and special kinds of trees). The output of forestry will increase by 29.2 percent over 1983 and that of sideline undertakings will rise by 23.3 percent, both of them will increase more greatly than the gross agricultural output value.

The commodity rate of our agricultural products will increase from 28.3 percent in 1980 to 44 percent if it is calculated by dividing the gross agricultural output value by the total social purchases of agricultural and sideline products. Now our rural economic reform has entered another new stage centering on readjusting and establishing a new structure of rural undertakings. According to a sampling investigation of 610 peasant households, from January to September this year, the income that our peasants earned through engaging in industry, construction industry, transportation, commerce, catering trades, service trades, and other work of a production nature rose by 30.5 percent over the same period last year.

The Province's Gross Industrial Output Value Will Exceed 10 Billion Yuan--the Economic Structural Reform and the Consolidation and Technological Transformation of Our Enterprises Have Imbued Them with Vitality

It is expected that this year the province will achieve a gross industrial output value of 10.15 billion yuan, an increase of 13.8 percent over last year. The output value of light industry will be 5.08 billion yuan, 13.1 percent more than that of last year, while the output value of heavy industry will be 5.07 billion yuan, 14.4 percent more than that in last year. From January to November, the actual output value of our province's energy industry was 659 million yuan, an increase of 12.2 percent over the same period last year. The output of electricity rose by 13.5 percent, and that of coal rose by 5.4 percent. Because of a bumper harvest of tobacco this year, from January to November the output value of the cigarette industry and the tobacco processing industry rose to 1,487 million yuan, an increase of 21.6 percent over the same period last year. The output value of the sugar industry rose to 328 million yuan, 8.6 percent more than that for the same period last year. The output value of the nonferrous metallurgical industry rose to 1,41 billion yuan, 10.7 percent more than that for the same period last year. The output of light industrial products that are related to people's livelihoods such as television sets, family sewing machines, lamps, detergent, knitware, leather shoes, and beer, all rose relatively sharply.

The economic structural reform and the enterprise consolidation and technological transformation has filled our enterprises with vitality and raised their economic results. From January to November, the labor productivity in our state-run industrial enterprises rose by 13.2 percent over the same period in 1983. This percentage increase was higher than the national average of 8.5 percent. The per capita output value of these enterprises exceeded 10,000 yuan ahead of the schedule. The sales of the

products of the industrial enterprises included in the state budget rose by 15.6 percent over the same period in 1983. Their realized profits and tax payments rose by 23.6 percent, and their profit delivered and income tax rose by 33 percent over the same period in 1983, both being greater than the rate of increase of the gross industrial output value. The amount of losses suffered by the loss-incurring enterprises was also reduced compared with the same period in 1983. This year, six of our province's products won state high quality medals. The major quality indexes of the three products which the state awarded gold medals are all of international advanced level.

The Reform in the Construction Industry is Underway and the Capital Construction is Being Speeded Up--Investment in Capital Construction Rose by 14.4 Percent Over the Same Period Last Year and Investment in Capital Construction Rose by 25 Percent

From January to November, \$1 billion yuan was actually invested in capital construction in the whole province, and this was 14.4 percent greater than that in the same period in 1983. It is expected that the actual investment for the whole year may reach 1.25 or 1.3 billion yuan, an increase of about 8 percent over 1983. The newly increased production capacity due to this capital construction is in the main as follows: 230,000 metric tons of cement; 1,200 metric tons of refined tin ore; generators with a total capacity of 14,400 kilowatt; 31,500 kilovolt amperes of transformer equipment; and sugar refining equipment with a capacity of 18,000 metric tons. Of the 26 large and medium-sized projects of which construction is underway this year, four projects--the Kunming Trimer Sodium Phosphate Plant, Kaiyuan Cement Plant, Kunming Iron and Steel Plant, and Longzhang Sugar Refinery--have overfulfilled the year's investment plans.

This year, the scale of our province's capital construction rose relatively quickly. From January to November, it rose by 25 percent over the same period in 1983. The percentage of it in our province's total investment rose from 57 percent in the same period last year to 62.3 percent. We have further strengthened our construction of key projects. The investment in energy and communications sectors respectively rose by 40.5 and 23 percent over the same period last year.

At the same time, we continue to strengthen the technological transformation of our existing enterprises. It is expected that our province's investment in measures of renewal and transformation and in other measures will roughly be maintained at the same level as that in 1983.

Since the beginning of this year, the system of contracted responsibility for investment and the system of inviting tenders for responsibility for construction projects have been implemented in our construction industry. As a result, the construction has made relatively quick progress and achieved fairly satisfactory results. According to the statistics gathered by the Tender Invitation Committee in Kunming City concerning four construction projects, since the practice of inviting tenders has been introduced, the costs of construction have been reduced by 10 percent and the construction periods have been shortened.

Urban and Rural Market Prosper and a Commercial Network Consisting of Diversified Channels is Gradually Taking Shape--It is Expected that the Province's Annual Total Social Retail Sales of Commodities Will Rise by 12 Percent Over 1983

This year, there has been a sufficient supply of commodities and the social purchasing power has been increased. Our urban and rural market is flourishing. It is expected that our province's total social retail sales of commodities will be over 6.96 billion yuan this year, an increase of 12 percent over 1983. The sales of eggs, aquatic products, cigarettes, chemical fibers, wool fabric, knitting wool, woolen clothes, soap, detergent, television sets, bicycles, and watches all have risen relatively sharply.

The lengthening of the terms of the responsibility contracts for land has given further play to the initiative of our peasants in investing in their land. As a result, the sales of the means of agricultural production have increased drastically. From January to November, the retail sales of the means of agricultural production totalled 640 million yuan, 16 percent more than that in the same period last year. The retail sales of walking tractors rose by 52.7 percent, and that of agricultural power machines rose by 11.3 percent. The demand for fertilizer has changed from a mere demand for greater supplies to a demand for better variety and greater effect and the demand for compound fertilizer and urea has continued to rise.

As rural commodity production continues to develop, it is expected that our province's domestic purchases of agricultural and sideline products will total over 3.3 billion yuan, an increase of about 21 percent over last year. The trade at urban and rural fairs is very lively and it is expected that the total turnover there will be 1.5 billion yuan, an increase of over 10 percent over last year.

The reform in our circulation system will turn rural supply and marketing cooperatives into firms "run by the people" rather than by the state. Small state-run retail shops and restaurants will be run by collectives though their ownership by the whole people will be maintained. They can also be turned into firms run by the people in diverse ways including changing their ownership into collective ownership or leasing them to individuals. There has been a relatively great development of individual traders. By the end of September, their number was already 124,000, an increase of 24 percent over the same period last year. A commercial network with diverse channels characterized by diverse management methods is gradually taking shape.

Situation of the Province's Financial Revenues and Expenditures is Relatively Satisfactory and the Income of Our Residents Has Increased-- Through Readjustment and Reform, Our Province's Economy Has Embarked on a Route of Healthy Development

From January to November this year, the province's financial revenues totaled 1,737 million yuan (basic depreciation funds delivered to the state not included), fulfilled the target of the annual budget of the province issued by the state one month ahead of schedule, and was 15.9 percent more than that last year. Ten of the prefectures had fulfilled the year's revenue budgets ahead of schedule.

As the economy develops, the income of our urban and rural residents have risen relatively sharply. According to the statistics of our banks, from January to November, the amount spent in purchasing agricultural sideline products rose 33.3 percent over the same period last year, the wages paid to urban and rural staff and workers rose by 18.9 percent. Of this expenditure, the bonuses paid to them rose by 25.1 percent. The average wage earned by the staff and workers of the sector owned by the whole people was 810 yuan, 8.4 percent more than that in the same period last year.

This year's economic achievements are the result of the implementation of the principle of readjusting, restructuring, reorganization, and upgrading. Through the readjustment in the past few years, and through the initial reform in our economic structure, our province's economy has embarked on a route of healthy development.

CSO: 4006/309

FINANCE AND BANKING

BRIEFS

GUANGXI SAVINGS DEPOSITS--The total amount of rural savings deposits throughout Guangxi Region in 1984 reached 1,037.41 million yuan and was 43 percent more than in 1983. The per-capita savings deposits of the agricultural population in the whole region was 31.42 yuan and recorded an increase of 9.24 yuan over 1983. This was a record year in the region after the 3d Plenary Session of the 11th CPC Central Committee. The rural savings deposits of each of 10 of 13 prefectures and cities in the region exceeded 10 million yuan. The rural savings deposits each of Yulin, Qinzhou, and Nanning Prefectures exceeded 40 million yuan. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 18 Jan 85]

CSO: 4006/309

INDUSTRY

XINJIANG DOES WELL IN 1984 INDUSTRIAL PRODUCTION

HK180825 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 17 Jan 85

[Text] There was a good situation in the region's industrial production last year. The region's total industrial output value for 1984 was 5.9 billion yuan, overfulfilling the state plan by 9.3 percent and representing an increase of 10.3 percent over 1983.

There was coordinated and synchronous growth in the region's heavy and light industries last year. The output value of light industry increased by 10.4 percent in 1984 over 1983, and that of heavy industry increased by 10.2 percent. The province overfulfilled the state targets in 35 major industrial products. Relatively large growth has been achieved in steel, rolled steel, pig iron, raw coal, crude oil, petroleum products, agricultural chemical and chemical fertilizer, synthetic ammonia, dissolved alkali, agricultural machinery, heavy oil, Chinese patent medicines, bulbs and [words indistinct].

The growth in the region's industrial production is mainly due to the following:

1. After restructuring and reform, all factories, mines and enterprises have upgraded their quality and their business management level.
2. After several years of economic readjustment, great changes have taken place in the product mix of all factories, mines and enterprises. Most products are marketable and economic efficiency has been greatly raised.
3. Vigorously carrying out economic and technological cooperation inside and outside the region, bringing in domestic and foreign funds and advanced technology, and giving vitality to enterprises.

CSO: 4006/297

BRIEFS

SHANDONG LIGHT INDUSTRIAL ACHIEVEMENTS--The first light industrial enterprises throughout Shandong Province made great progress in production and research work in 1984. They turned out 231 new products and are expected to realize 4.12 billion yuan of annual total output value by the end of 1984, an 8.7 percent increase over the 1983 figure. They will surpass the 1983 profit figure by 7.9 percent. [Excerpts] [Jinan DAZHONG RIBAO in Chinese 27 Dec 84 p 1 SK]

SHANDONG INDUSTRIAL PRODUCTION--In 1984, the total industrial output value of Shandong Province was 45.59 billion yuan, an increase of 12.4 percent over 1983 and overfulfilling the state assigned plan by 8.6 percent. [Excerpts] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Jan 85 SK]

SHANDONG STEEL OUTPUT--On the basis of having prefulfilled the Sixth Five-Year Plan for steel production in 1983, Shandong Province has already surpassed the steel output figure of 1 million tons. It is expected to realize 1.08 million tons of annual total steel output this year, topping the previous peak. [Text] [Jinan DAZHONG RIBAO in Chinese 31 Dec 84 p 1 SK]

SHANGHAI MUNICIPALITY INDUSTRIAL OUTPUT--As of 21 December, Shanghai Municipality's total industrial output value had reached 70.16 billion yuan, prefulfilling the gross industrial production target of the Sixth Five-Year Plan a year and 11 days ahead of schedule. [Text] [Shanghai City Service in Mandarin 2300 GMT 21 Dec 84 OW]

NEI MONGGOL: NEW INDUSTRIAL ACHIEVEMENTS--In the course of the economic structure reform, new achievements have been made in the regional industrial production. The 1984 total industrial output value amounted to 8.144 billion yuan, an 8.3-percent increase over 1983. The region has not only effected simultaneous increases and coordinated development in light and heavy industries, but also overfulfilled the fighting target of increasing the gross regional industrial output value by 5 percent and striving to create 8 billion yuan of industrial output value. In 1984, output of 65 of the 100 major industrial products surpassed that of the previous year. Of these, output of 42 products, including televisions, bicycles, chemical fiber, wool fabric, sugar, wine electricity, iron ore, steel products, plate glass, stone for construction use, and hand-operated tractors, increased by more than 10 percent over the previous year. Output of televisions reached 10,000 sets, of which 8,676 were color televisions, an increase of 189.2 percent over the previous year. The regional output of raw coal was 26.79 million tons, a 7.7-percent increase over the previous year. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 13 Jan 85 SK]

FUJIAN'S INDUSTRIAL PRODUCTION--Fujian Province overfulfilled, by 12.9 percent, its 1984 plan, turning out industrial goods worth 11.5 billion yuan, registering an increase of 20 percent over 1983, and prefulfilling the Sixth 5-Year Plan index a year ahead of schedule. [Text] [Beijing Domestic Service in Mandarin 2230 GMT 11 Jan 85]

CSO: 4006/311

DOMESTIC TRADE

BRIEFS

GOLD JEWELLERY IN LANZHOU--Gold jewellery now sells well in the Lanzhou area. Lanzhou's Nanguanshizhi Department Store, the largest retail store in the province, sold some 170,000 yuan worth of gold jewellery in the past 6 months or so. Not long ago 320 pieces of gold jewellery traded in by the provincial tourism products and arts and crafts service department were sold out in 2 hours. All gold jewellery now for sale in the province's state-run shops are consigned by other provinces and cities. In order to meet the needs of consumers, relevant provincial departments have expanded their sales points and networks for selling gold jewellery. This province is also making good preparations for processing and marketing gold jewellery itself. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 14 Jan 85]

CSO: 4006/309

LABOR AND WAGES

NI ZHIFU ATTENDS TRADE UNION PLENUM 22 JANUARY

SK230541 Tianjin City Service in Mandarin 0030 GMT 23 Jan 85

[Excerpts] The 6th enlarged plenary session of the 10th municipal Trade Union Council was held.

Attending the session on 22 January were Ni Zhifu, member of the Political Bureau of the CPC Central Committee, secretary of the municipal CPC Committee, and president of the All-China Federation of Trade Unions; and Zhang Zaiwang, deputy secretary of the municipal CPC Committee.

In his speech, Comrade Ni Zhifu stressed: Under the leadership of the municipal CPC Committee, the trade union organizations at all levels in the municipality had made great achievements in the trade union work in 1984. On behalf of the municipal CPC Committee and the All-China Federation of Trade Unions, he extended intimate greetings and lofty respects to the staff members and workers who have made contributions to the four modernizations.

Comrade Ni Zhifu made a few suggestions on the role of the trade union organizations in the course of reforms. He urged the trade union organizations at all levels to conscientiously appraise and clearly understand the trade union work and to further make the trade union work meet the needs of reforms. The reform is an extensive and profound revolution. Under this situation, the trade union organizations must foster a new idea, correct the ideology for guiding the professional work, and consciously set up an idea of serving the reform, the party's general tasks and general goal, and the four modernizations.

Comrade Ni Zhifu stressed: At present, we should center the trade union work on grassroot units and work hard to strengthen the vitality of the enterprises and to arouse the enthusiasm, initiative, and creativeness of staff members and workers. We should establish and perfect the system of the staff and workers' congress among the enterprises to promote the democratic management and to ensure the staff and workers' role as a master of the enterprise. The trade unions at all levels should support the advanced figures emerging from reforms, protect the legal rights of staff members and workers, take the lead in implementing the party's policy on letting some people become rich ahead of others, and support

and help the staff and workers become rich through labor. At the same time, they should show concern on the livelihood of old staff members and workers and women workers and make proper arrangements for job-awaiting personnel. They also should thoroughly conduct the ideological work to train the staff and workers into a new generation with knowledge, ideals, education, moral integrity, and a sense of discipline.

The 6th enlarged plenary session of the 10th municipal Trade Union Council was held on 22 January. The session relayed the instructions of the central leading comrade on the trade union work and the guidelines of the 2d Plenum of the 10th National Trade Union Council. (Huang Shuyou), chairman of the municipal Trade Union Council, delivered a work report and worked out a plan for the 1985 work at the session.

On the evening of 22 January, leading comrades of the municipal CPC Committee including Ni Zhifu called on some model workers and journalists participating in the session. The session will close on 23 January.

CSO: 4006/309

TRANSPORTATION

HENGYANG GUANGZHOU RAILWAY BEING DOUBLE-TRACKED

OW140454 Beijing XINHUA Domestic Service in Chinese 0912 GMT 12 Jan 85

[XINHUA reporter Lou Houren's notes of a journey along the Long March route:
"New Marvelous Spectacles in Wuling"]

[Excerpts] Changsha, 12 Jan (XINHUA)--Wuling [Five Ridges], also called Nanling, spans the borders of four provinces--Hunan, Jiangxi, Guangdong, and Guangxi--where there is range after range of mountains. Since ancient times it has been a key junction between the interior of our country and its southern coastal areas as well as a place contested by all strategists.

It is the place where Comrades Zhu De and Chen Yi launched and led the well-known Southern Hunan insurrection 50 years ago.

"The five ridges wind like gentle ripples." This is a description of the Wuling landscape by Comrade Mao Zedong in his poem, entitled "The Long March," on battles fought by the Red Army in these mountains.

Now there are new marvelous spectacles in Wuling--37 long and short tunnels are being built through such mountains for a new double-track Hengyang-Guangzhou railway.

The southern section of the Beijing-Guangzhou Railway was built in the early 19th century and remains in use. Since this section of the railway winds along gorges in mountains and its transport capacity is limited, it cannot meet the requirements of the new situation brought about by implementing the policy of opening to the outside world and invigorating the domestic economy. For this reason, the departments concerned decided to double-track the Hengyang-Guangzhou railway as a key project. When this project is completed, the whole Beijing-Guangzhou Railway will be double-tracked.

The rumble of explosions began to reverberate in the ruling mountains in the autumn of 1982 when more than 30,000 railway builders of the No 5 Engineering Corp and the Tunneling Bureau under the Ministry of Railways started this project.

The No 5 Engineering Corp, which is responsible for making 27 tunnels, has so far fulfilled 72 percent of its task.

CSO: 4006/295

BRIEFS

AGREEMENT ON BUYING BOEING 737's--Yunnan Province will buy two Boeing 737-300's from the American Boeing Aircraft Corporation. The signing of the agreement took place in Kunming on 12 January. Leading comrades of the province and city Pu Chaozhu, Dao Duoding, and (Li Daikang), and responsible persons of provincial departments concerned attended the signing ceremony. The purchase of the two Boeing aircraft will play a stimulating role in developing the province's economic construction, promoting the exploitation of its resources, speeding up industrial and agricultural production, and in tourism. The Boeing 737-300 is a modified medium or short-range transport aircraft. It is expected that the two aircraft will go into service next year. Representatives of the Boeing Aircraft Corporation and the Yunnan Provincial Import and Export Company signed the agreement. Afterwards, (He Tong), deputy director of the provincial department of foreign economic relations and trade, and (Norton), vice president of the Boeing Corporation, made speeches hailing the signing. In the evening Vice Governor Dao Guodong gave a banquet for the American guests. Governor Pu Chaozhu and Vice Mayor (Li Daikang) attended. [Excerpts] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 12 Jan 85 HK]

BEIJING-URUMQI FLIGHTS--The Beijing Bureau of the Civil Aviation Administration of China has decided to increase two more flights from Beijing to Urumqi each week, beginning on 6 January. The two additional flights are scheduled on every Wednesday and Sunday, leaving Beijing in the morning and returning on the same day from Urumqi. The two additional flights will improve transportation between Beijing and Urumqi, and assist in the development of Xinjiang Autonomous Region. [Summary] [Beijing Domestic Service in Mandarin 1600 GMT 3 Jan 85]

RAILWAY PROJECT DISCUSSED--In a discussion with the Wenzhou City party committee leaders on 20 January, Comrade Wang Fang, secretary of the Zhejiang Provincial CPC Committee, said that the provincial CPC Committee has made a decision on ensuring completion of the Jinhua-Wenzhou railway by the end of 1988. Comrade Wang Fang left Hangzhou on 11 January, and began on-the-spot inspection of the projected route of the railway in Jinhua, Wuyi, Yongkang, Jinyun, Lishui and Qingtian counties. He discussed construction of the railway with the local prefectural, county and city leading comrades. Comrade Wang Fang said: construction of the Jinhua-Wenzhou Railway is a major event, bearing on Zhejiang Province's economic progress in the next decade. The province's current economic situation is very good; however, development is quite uneven. The southwestern part of the province is comparatively backward. Since the province has been opened to the outside world, we must step up communications construction to accelerate development of the southwestern part and coastal areas of the province. After completion of the Jinhua-Wenzhou Railway, the line will also strengthen economic exchanges with northeast Jiangxi, south Anhui and north Fujian. [Excerpt] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 21 Jan 85 OW]

PUBLICATIONS

BRIEFS

ANHUI JINGJI RIBAO--The Anhui edition of JINGJI RIBAO was published and distributed in Hefei on 1 January 1985. The main contents of its first issue are: A large picture, featuring Comrade Deng Xiaoping reading JINGJI RIBAO; a letter to the newspaper by Wang Yuzhao, deputy secretary of the Anhui Provincial CPC Committee and provincial governor, expressing the hope that the newspaper will become an important instrument for the provincial party committee and the provincial government in guiding economic work in Anhui Province; and other news reports. [Summary] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 1 Jan 85]

RADIO LISTENERS BULLETIN--The first issue of the GUANGBO ZHI YOU BAO [RADIO LISTENERS GUIDE], compiled by the Central People's Broadcasting Station, will be put on sale 5 January. The central leading comrades have shown much concern, and the listeners have expressed support for publication of the GUANGBO ZHI YOU BAO. The first issue announced the setting up of an information center by the Central People's Broadcasting Station. [Summary] [Beijing Domestic Service in Mandarin 1200 GMT 4 Jan 85]

NEW CHINESE JOURNAL--DISHAN CHANYE BAO [TERTIARY INDUSTRY JOURNAL] will be published and distributed on 1 February 1985. Run by JINGJI RIBAO, the journal is aimed at stimulating the development of tertiary industrial services in China by providing them with necessary economic information and developments of tertiary industrial departments in other countries. It will be published every Tuesday and Friday. [Summary] [Beijing Domestic Service in Mandarin 1200 GMT 21 Dec 84 OW]

CSO: 4006/297

END